414 Nicollet Mall
Minneapolis, Minnesota 55401

April 29, 2021

—VIA ELECTRONIC FILING—

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: SUPPLEMENT
RENEWABLE ENERGY STANDARD RIDER
DOCKET NO. E002/M-20-815

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Supplement to our November 5, 2020 Petition seeking approval of our Renewable Energy Standard (RES) Rider revenue requirements for 2021 and the proposed RES Adjustment Factor. We provide this supplement in response to the discussion about the Company's Renewable Energy Credit (REC) strategy at the Commission's March 25, 2021 hearing regarding our 2019-2020 RES Rider proceeding in Docket No. E002/M-19-732 and the Commission's forthcoming Order in that matter.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document on the parties on the attached service lists. If you have any questions regarding this filing please contact Martha Hoschmiller at 612-330-5973 or martha.e.hoschmiller@xcelenergy.com, or me at 612-330-5941 or holly.r.hinman@xcelenergy.com.

Sincerely,

/s/

HOLLY HINMAN
REGULATORY MANAGER

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF THE RENEWABLE ENERGY STANDARD RIDER REVENUE REQUIREMENTS FOR 2021 AND REVISED RES ADJUSTMENT FACTOR	DOCKET NO. E002/M-20-815 **SUPPLEMENT**

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Supplement to our November 5, 2020 Petition seeking approval of our Renewable Energy Standard (RES) Rider revenue requirements for 2021. We provide this Supplement in response to the discussion about the Company's Renewable Energy Credit (REC) strategy at the Commission's March 25, 2021 hearing regarding our 2019-2020 RES Rider proceeding in Docket No. E002/M-19-732 and the Commission's forthcoming Order in that matter.

In this Supplement, we provide an overview of how the Company treats RECs generated within the NSP System in order to balance compliance needs and customer benefits.

SUPPLEMENT

A. Background

A Renewable Energy Credit (REC) is a market-based commodity that represents the ownership rights, or green attributes, of the renewable aspect of renewable energy generation. A REC is one of two main outputs or benefits from generation of new power from renewable sources. Renewable power generation creates 1) actual power in the form of electricity and 2) environmental benefits to society from "green" power production – such as minimizing pollution and slowing the rate at which finite fuel

resources are used – accounted for via RECs. For each megawatt hour (MWh) of energy generated by a renewable resource, one REC is created. The RECs can be "retired" to fulfill state compliance requirements or help customers meet their unique sustainability goals, or they can be sold separately as a commodity into the marketplace. For each REC retired on behalf of a customer, the customer is able to claim that the equivalent MWh of their energy usage is renewably sourced. RECs produced from the Company's owned and purchased renewable projects are tracked and retired for compliance through a third-party system, the Midwest Renewable Energy Tracking System (M-RETS) for NSPM.[1]

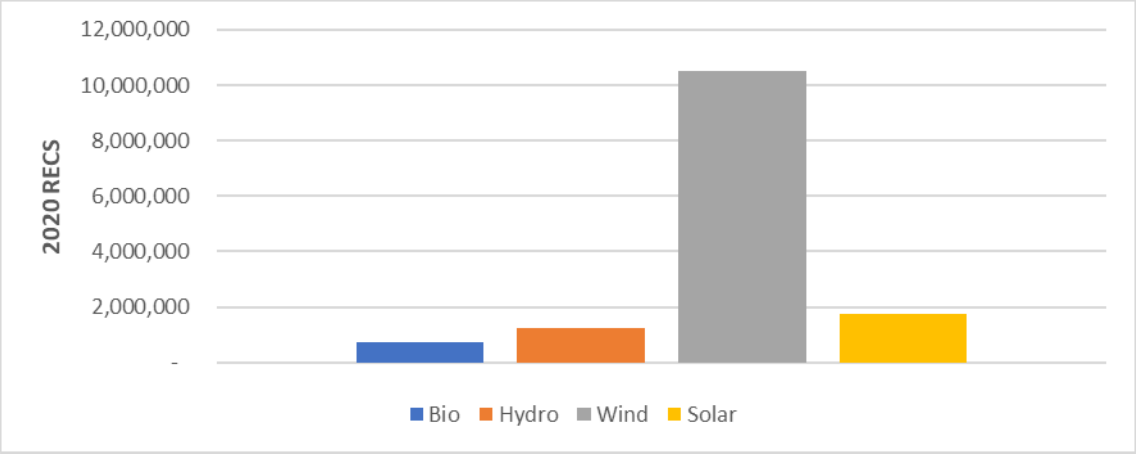
B. Annual REC Issuance and Allocation

Table 1 and Figure 1 below detail the number of RECs issued by M-RETS based on the certified renewable generation on the NSP System in 2020.

Table 1: Total RECs Issued in 2020

Generation Type	2020 Vintage
Bio	710,567
Hydro	1,260,261
Wind	10,534,674
Solar	1,763,591
Total NSP REC Issuance in M-RETS	14,269,093

Figure 1: Total RECs Issued in 2020



This total number of RECs is then allocated to the Company's various state jurisdictions similar to how energy is allocated. However, before we make such

[1] After a thorough research and analysis process, the Commission ordered the use of M-RETS for REC tracking for all Minnesota utilities in its October 9, 2007 Order in Docket No. E999/CI-04-1616.

general allocations, we identify the RECs dedicated for state-specific programs, which are directly-assigned to those states: Solar*Rewards in Minnesota, Solar*Rewards Community (Community Solar Gardens or CSG) in Minnesota, and Solar*Connect Community in Wisconsin. In addition, RECs are assigned to several "voluntary renewable programs," such as Windsource and Renewable*Connect in Minnesota, and those RECs are retired on behalf of the subscribers to those programs. RECs for voluntary programs come from specific renewable resources designated in whole or part to these incentive programs according to each program's specifications, discussed below. Table 2 below shows the number of RECs assigned for these programs in 2020.

Table 2: RECs Directly-Assigned or Reserved for Specific Programs

Program	2020 Vintage RECs Issued
Solar*Rewards (MN)	35,739
Solar*Rewards Community (MN)	1,211,995
Windsource (MN)	189,033
Renewable*Connect (MN)	182,540
Solar*Connect Community (WI)	3,150
	1,622,457

Once these program-specific RECs are allocated to their specific states and/or subscribers, a total of 12,646,636 RECs remain to be generally allocated for 2020. These remaining RECs are then allocated to the NSP-system jurisdictions based on load share ratios and assigned to jurisdictional "pools." These allocators are updated annually. Figure 2 below shows the jurisdictional allocators for 2020 and Figure 3 shows the number of RECs allocated to each jurisdiction for 2020.

Figure 2: 2020 REC Jurisdictional Allocators

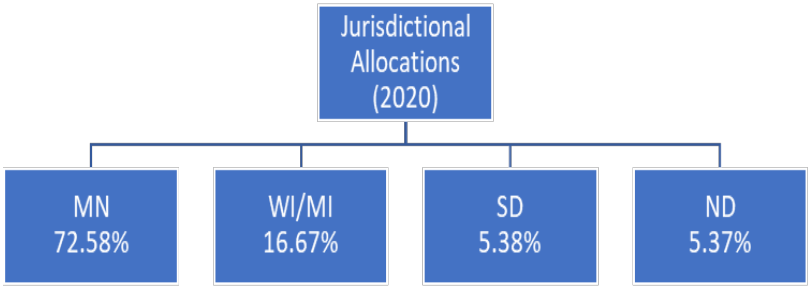


Figure 3: NSP System RECs Allocated in 2020

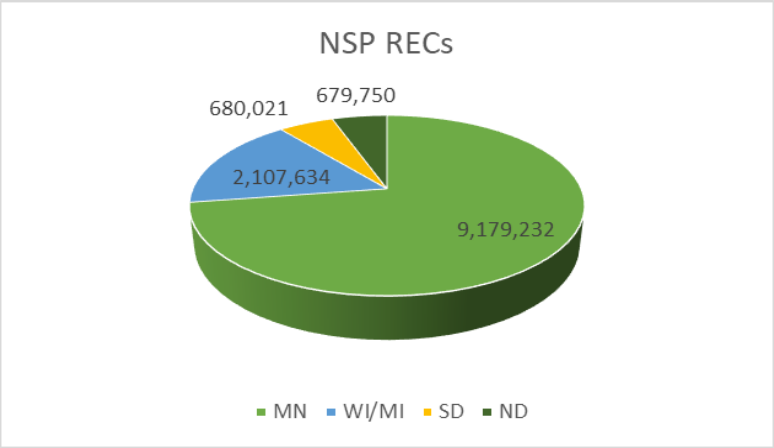
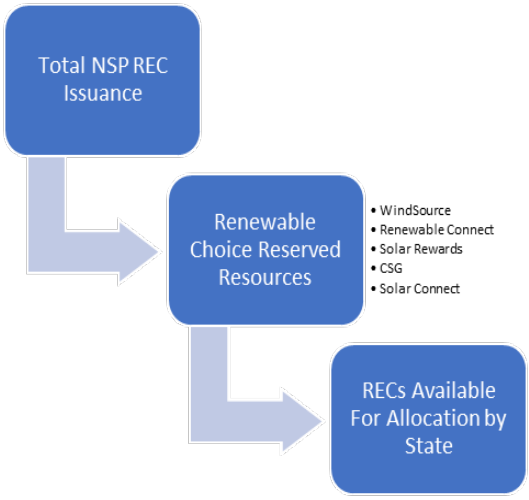


Figure 4 below illustrates the flow of the steps in the issuance and allocation process.

Figure 4: REC Issuance and Allocation Process



A REC has a defined "shelf life" for how long that REC is eligible to be used towards state compliance requirements or how long it can be banked before it expires as determined by each state's compliance rules. The shelf life is different for each state. In Minnesota, RECs can be used for compliance in the year in which they are produced, plus four full years.[2] It is the Company's policy to retire the oldest RECs first to best manage our REC bank for future compliance. Several programs have

[2] The Commission approved a four-year shelf life for RECs, among other REC trading protocols, in its December 18, 2007 Order in Docket Nos. E999/CI-03-869 and E999/CI-04-1616.

specific REC vintage requirements.[3] For example, the Renewable*Connect program only retires RECs issued in the specific program year for that year. In other words, we will retire RECs issued in 2020 for the 2020 Renewable*Connect program year. For Windsource, only the RECs issued in the program year, prior six months and future first quarter can be retired for that program year, and any additional RECs needed to fulfill subscriptions are purchased on the market.[4]

C. State Renewable Energy Objectives or Standards

For each of the states in which the Company operates, there is a different renewable energy standard, objective, or goal, which we must balance as we make determinations regarding retiring, banking, or selling RECs. Minn. Stat. § 216B.1691 (the RES statute), for example, sets forth the Renewable Energy Objectives (REO) Minnesota utilities are obligated to meet. As of 2020, Xcel Energy is required to generate 30 percent of the Company's total energy sold to retail customers in Minnesota using eligible renewable energy sources. Of the 30 percent, at least 25 percent must be generated by solar or wind systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated. While hydro facilities are considered an eligible renewable energy technology under the RES statute, the statute specifies that only hydro RECs generated from facilities that have a capacity of less than 100 MW are eligible for compliance purposes.

In addition, Minnesota's Solar Energy Standard (SES) specifies additional compliance requiring a certain level of solar generation. Utilities must generate 1.5 percent of their total retail electric sales to retail customers in Minnesota by solar energy sources. Ten percent of that amount must be from solar resources that have a name plate capacity of 40 kW or less. The SES also includes a goal that the state of Minnesota reach 10 percent solar generation by 2030. No other jurisdiction on the NSP system has a solar-specific standard.

2020 is the first year the Company will retire solar RECs (SRECs) in compliance with the SES. The Company has been banking SRECs since the first solar resources were added to the NSP system more than five years ago and has been reporting on the Company's status regarding our ability to comply with the SES in annual reports,

[3] RECs of various vintages also may have unique attributes making them eligible for retirement on behalf of certain programs.
[4] We note that the Windsource program is ending at the end of 2021, and subscribers will be transitioned to the Renewable*Connect program.

most recently in Docket No. E999/M-20-464. Because 2020 is the first year SRECs are required to be retired to meet the SES, SRECs that were banked prior to 2020 began their shelf life in 2020 regardless of when they were issued.

Minnesota has the highest REO of the NSPM and NSPW jurisdictions. Table 3 below shows the NSP System jurisdictions' REOs.

Table 3: State REO Requirements

State	% of Retail Sales
MN	30% + 1.5% solar
WI	12.89%
SD	10%
ND	0%

The Company retires RECs to comply with each state's REO and other program compliance needs each spring. In Minnesota, the Company files an annual report to show compliance with the REO on June 1 each year and in other states in a similar timeframe. The forthcoming REO annual report for 2020 will be filed in Docket No. E999/PR-21-12, and will include SES compliance for the first time.

D. Minnesota REC Sales Process and Policy

We are continuously evaluating our REC portfolio position to maintain the highest degree of REC optimization. Our top priority is to ensure our Company produces and procures enough RECs, and SRECs, annually to comply with each of our states' compliance obligations currently and for many years into the future, taking into account all expected and unforeseen Renewable Energy Standard changes. Once all state compliance and voluntary program REC retirements have been completed, and if the opportunity is presented, we evaluate our position to determine if any REC sales would be beneficial in that year. If the Company determines it has an excess amount of RECs in a given year beyond compliance that will either not be needed, or would risk expiration before they can be retired, we can determine the appropriate number of RECs that can be offered for sale.

Our Trading and Origination teams may market a transaction to seek buyers or they may consider a bid from an outside party looking to purchase RECs for their own portfolio. Each sale of RECs is an independent transaction, negotiated per current market conditions and counterparties' need for the RECs. As 100 percent of all REC

sales proceeds are returned to customers through the RES Rider, thereby reducing the rider revenue requirements, we make every attempt to negotiate the best price for our customers. However, because the market for REC sales is still developing, there is not always strong market demand or supply for RECs, and our available RECs for sale vary each year. As a result, we currently cannot predict how many RECs might be sold in any given year, nor how much revenue might be associated with any sales made. We note we have seen a significant increase in REC prices nationally over the last year; interest in purchasing RECs is currently high, and there are few sellers in the market, which drives the price up. This is in part a result of the MISO queue delay for wind projects; wind projects that had planned to be in-service and generating have been delayed and therefore the RECs that would have been issued are not yet available. This trend may not continue.

When Xcel Energy sells excess RECs, they can be from one jurisdiction's pool, or multiple, depending on when RECs are retiring and the need to meet specific state's compliance requirements. If the sale involves RECs from multiple states' pools, they can be split based on load share ratios to keep pool balances equal; however, they can also be split on some other percentage not related to jurisdictional allocators. Ultimately the state of Minnesota pool is receiving its jurisdictional share of RECs generated, and that pool will either be retired to meet Minnesota compliance requirements or be sold on the open market and proceeds are returned to customers through the RES Rider.

The Company's strategy for determining how many RECs need to be banked and how many can be sold continues to evolve, but we strive to achieve a balance that will bring the best value to our customers – both in terms of monetary value through REC sales and environmental/societal value through the retirement of RECs to reflect the amount of renewable energy the Company is generating to meet our load. The Company continues to evaluate our policies regarding this balance.

E. Certified Renewable Percentage (CRP)

On top of our state REOs, communities and corporations are increasingly setting renewable energy targets. As our system transitions to more renewable generation, companies and communities are seeking clarity regarding how to count the renewable energy on our system toward their own goals. We identified the need for innovation and a new approach through feedback from customers, including regular meetings with the Minnesota Sustainable Growth Coalition.

To address this need, the Company began calculating a Certified Renewable Percentage (CRP) for our customers in 2019 for calendar year 2018, as discussed in

our June 1, 2019 REO/RES Compliance Report in Docket No. E999/PR-19-12. The CRP is a REC-based accounting methodology that clarifies the percentage of our system energy delivered to customers that is renewable. The CRP is not a subscription service or program in which customers need to enroll. Instead, the Company calculates, certifies, and reports annually a CRP for Minnesota. With the CRP, we retire sufficient RECs on behalf of all our retail customers such that the total RECs retired annually reflects the portion of energy delivered to those customers that is renewable. This allows all retail customers to claim the percentage of renewable energy on the system as the starting point towards their sustainability goals. Additionally, for customers who choose to go above our current and planned system renewable percentage, the Company continues to offer incremental voluntary renewable options, such as Renewable*Connect.

In the spring each year, after all renewable energy program participation is recorded, REC sales, RES REC retirements, trade margin sales, and all other data points have been determined, the annual CRP can be calculated. The Company then retires the additional RECs to match the amount of renewable energy delivered to customers. RECs retired for the CRP are the same vintage year as the current reporting year; the CRP does not use banked RECs as the calculations are based on current year generation volumes. If the number of RECs issued in that year are less than what is needed to comply with the RES, we would not retire additional RECs for the CRP in that year.

The Company is careful to not double-count RECs when retiring RECs to meet the CRP. RECs retired for RES compliance represent electricity that was delivered to all retail customers, which is what the CRP seeks to clarify. To the extent that an amount of renewable energy greater than amount needed for RES compliance is delivered to customers, additional RECs are retired in accordance with the CRP methodology. The CRP represents RECs retired for RES compliance plus any additional RECs retired on behalf of all retail customers.

The formula for calculating the Certified Renewable Percentage in Minnesota is:

$$\text{Certified Renewable Percentage (Minnesota)} = \frac{\text{Total RE generation attributable to MN (MWh)} - \text{Trade margin adjustment} - (\text{REC sales} + \text{Windsource® RECs} + \text{Renewable*Connect RECs} + \text{Wholesale REC transfers}) + \text{Purchased RECs}}{\text{Total MN retail sales (MWh)} - (\text{Windsource® sales} + \text{Renewable*Connect sales}) + (\text{Solar*Rewards generation})}$$

The detailed methodology for the CRP is provided in Attachment A.[5]

The numerator of the CRP is based on all RECs issued to or transferred to the Company with a vintage of the calendar year of the calculation. To account for the Company's interaction with the market, we make a "trade margin adjustment" to the numerator on a "slice of the system" basis to roughly estimate the portion of RECs held by the Company that should be attributed to the Company's interaction with wholesale market through trade margin sales. More information on trade margin sales and the CRP can be located in Attachment A, Section 4.

The CRP is designed to allow all retail customers to take advantage of the renewable energy that is already being delivered to them via the standard grid mix, by allowing customers to count that renewable energy towards their own clean energy goals. The CRP does not replace or prohibit REC sales. The Company can still sell RECs when there is excess beyond what is needed for RES compliance. After all REC sales (of the same compliance year) are complete, we then account for those REC sales within our CRP calculation and retire additional RECs if the amount of renewable energy delivered to customers is higher than what is needed for RES compliance.

Pairing REC sales and the CRP provides a balanced benefit to customers. Some customers value the financial benefit of REC sales, while others have clean energy goals and desire Xcel Energy to help them meet those goals. The CRP allows those latter customers to more fully claim the renewability of the generation they are already using and paying for, while still continuing to sell RECs to benefit all customers. Engaging in both REC sales and the CRP allows us to utilize available RECs to meet these various – and potentially opposing – customer needs in a more balanced way.

Based on the CRP formula, and because we did not issue more RECs in 2020 than were needed for 2020 RES compliance, we do not plan to retire any RECs for the CRP for 2020.

Table 4 below shows our current estimate of the RECs that will be retired and reported for the 2020 compliance year.

[5] Attachment A was originally developed for the June 1, 2019 compliance filing in Docket No. E999/PR-19-12, and thus uses 2018 data in its examples.

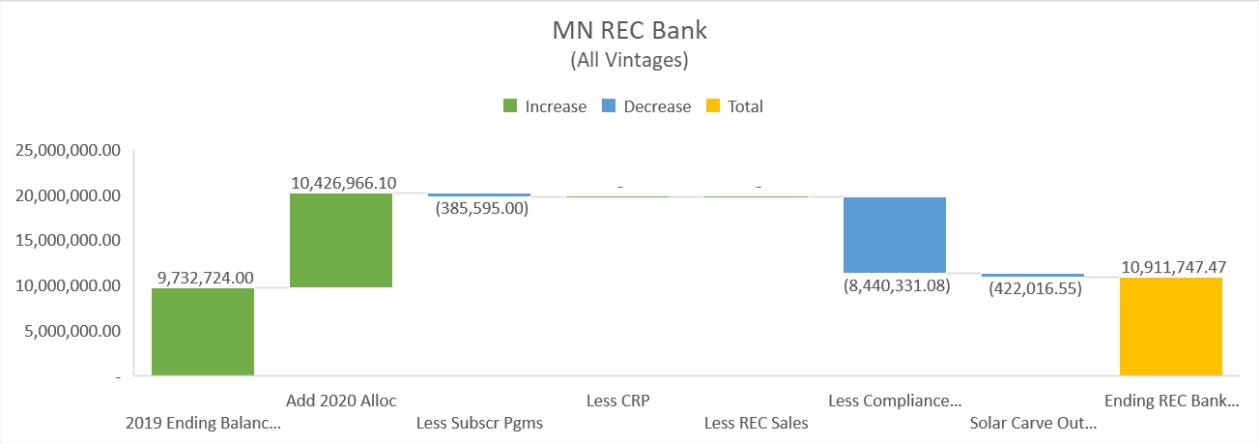
Table 4: 2020 REC Retirement Summary

	REO/RES/SES	Windsource	Renewable*Connect	CRP
MN	8,440,331 + 422,017	394,474	182,540	0
WI	1,019,318		23,091 + 3,150	985,559
MI	17,375	315		
SD	208,863			
ND				
Total	10,107,904	394,789	208,781	985,559

Subject to change

Figure 5 illustrates the Company's Minnesota REC bank at the end of 2019 and after 2020 compliance has been completed.

Figure 5: MN REC Bank



F. REC Strategy Summary

Overall, the Company believes its REC management strategy is in the public's interest and provides benefits to customers. The top priority in managing the Company's REC portfolio is compliance with our various states' standards. We must optimize REC vintages with different expiration dates as well as various generation-mix requirements, such as the solar requirements in Minnesota, in addition to the commitments made to subscribers to our multiple renewable energy incentive programs already approved by the Commission. When there are additional RECs available that are not needed for compliance, we are able to provide further benefit to

our customers by selling RECs and returning the proceeds to them, when the market permits. Once all of these needs are met in a given year, in some years we are able to provide additional benefit to customers by retiring additional RECs as part of the CRP. This helps customers count the renewable energy on our system toward their specific renewable energy goals, which is of particular value to commercial customers. We believe we are balancing our many compliance requirements with bringing additional value to customers through our REC strategy.

CONCLUSION

We hope the Commission finds this additional information regarding the Company's REC accounting process and strategy useful in its assessment of our RES Rider proceeding.

Dated: April 29, 2021

Northern States Power Company

Certified Renewable Percentage (CRP) Methodology

1. Description

The Certified Renewable Percentage (CRP) is a voluntary Renewable Energy Certificate (REC) [1] accounting protocol that is intended to give Xcel Energy retail electric customers clarity regarding renewable energy claims associated with standard electrical service.

2. The Certified Renewable Percentage Formula

The formula for calculating the Certified Renewable Percentage in Minnesota is:

Certified Renewable Percentage (Minnesota) =

$$\frac{\text{Total RE generation attributable to MN (MWh)} - \text{Trade margin adjustment} - (\text{REC sales} + \text{Windsource® RECs} + \text{Renewable*Connect RECs} + \text{Wholesale REC transfers}) + \text{Purchased RECs}}{\text{Total MN retail sales (MWh)} - (\text{Windsource® sales} + \text{Renewable*Connect sales}) + (\text{Solar*Rewards generation})}$$

This methodology is designed to attribute the appropriate number of RECs to retail customers and retire these RECs on their behalf. All of the inputs in the above equation reflect the calendar year of the CRP calculation.

3. Interactions with the Minnesota Renewable Energy Standard (RES)

Under Minn. Stat. § 216B.1691 electric utilities are required to retire RECs to demonstrate compliance with the requirement to generate or procure a specified percent of total retail electric sales from eligible energy technologies. RECs retired for compliance with the RES are included in the CRP. Consistent with the December 18, 2007 Commission *Order Establishing Initial Protocols for Trading Renewable Energy Credits*, RECs can be used during the year of generation and during the four years following the year of generation toward RES compliance. The Company will continue to retire RECs within this range of vintages toward RES compliance.

[1] One REC is issued for every one MWh of electricity generated and delivered to the electric grid from a renewable energy resource.

Given the adjustments in the CRP equation, it is possible for the CRP to be less than, equal to, or greater than the RES requirement. If the CRP is less than or equal to the RES requirement, RECs will be retired consistent with compliance requirements, and the CRP that is reported will represent the percentage of electrical usage that retail customers can claim as renewable. Over time, as Xcel Energy continues to add renewable energy to its portfolio beyond RES requirements, it is likely the CRP will be greater than the RES requirement. In that case, additional RECs will be retired above and beyond those required for RES compliance such that total REC retirements reflect the CRP. The additional RECs that are retired will be of current-year vintage (e.g., for the 2018 CRP, any additional RECs retired on behalf of all customers in excess of the RES requirement will be of 2018 vintage).

4. Definitions

In applying the formula presented in Section 2, we employ the following definitions:

Total RE generation attributable to MN (MWh) –The portion of renewable energy (as defined in Minn. Stat. § 216B.2422, subd. 1(c)) generation for which Northern States Power (NSP) receives RECs and that is allocated to Minnesota.

Trade margin adjustment – Total renewable energy generation attributable to MN (MWh) multiplied by the ratio of NSP trade margin sales over Total NSP electricity sales (MWh). This adjustment is included in the CRP to withhold RECs proportional to trade margin sales as a fraction of total sales in order to avoid preferentially assigning fossil generation to the wholesale market. Trade margin sales generally represent energy trades into the wholesale markets outside of an existing long-term contract. Trade margin sales do not include any sales to retail customers whether residential, commercial or industrial, nor sales under long-term agreements to wholesale requirements customers. They are tracked as "Sales for Resale" under Account 447 in the Federal Energy Regulatory Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act. This account includes the net billing for electricity supplied to other electric utilities or to public authorities for resale purposes.

The trade margin adjustment is expressed as:

Trade margin adjustment = Total MN RE generation * (NSP Trade margin sales / Total NSP electric sales)

REC sales – Sales of any bundled or unbundled RECs on a spot basis.

Windsource® and Renewable*Connect RECs – RECs retired specifically on behalf of customers participating in Windsource or Renewable*Connect. These are customer choice programs that retire RECs on behalf of specific groups of customers who participate in these programs. The RECs associated with these programs cannot be attributed to all customers and are therefore subtracted from the numerator of the CRP calculation. This term also includes any RECs that are purchased from outside the NSP system—and subsequently retired—in support of these programs.

Wholesale REC transfers – RECs that are transferred as part of long-term agreements to wholesale requirements customers and therefore cannot be attributed to retail customers.[2]

Purchased RECs – While Windsource and Renewable*Connect are designed to be supported by specific resources, there are times when a portion of the program is supported by RECs purchased from outside of the NSP system. For example, in the proposed new offerings of Renewable*Connect, there is a "R*C Bridge" that allows customers to have RECs purchased and retired on their behalf during a limited period of time when new resources are under construction. These purchased RECs are added to the numerator but are also subtracted out as part of the "Windsource and Renewable*Connect RECs" term described above.

Total Minnesota retail sales –"Total retail electric sales," as defined in Minn. Stat. § 216B.1691, subd. 1, made by NSP to Minnesota retail customers. REC retirements under the CRP substantiate a claim regarding the delivery or end use of renewable electricity, so the denominator of the CRP is structured around retail sales of electricity. This framework aligns with the Minnesota RES and voluntary renewable accounting. The Minnesota RES requirement is defined as a percentage of retail sales, and any customers voluntarily procuring renewable energy (or standalone RECs) make that procurement relative to their total usage.

Windsource and Renewable*Connect sales – Sales of energy specifically made to customers of Windsource and Renewable*Connect. Just as RECs retired with these

[2] Currently, there are no wholesale contracts that would fall into this category, but we include this term in the methodology to reflect how wholesale REC transfers would be accounted for in the event this situation arises in the future.

voluntary renewable energy programs are subtracted from the CRP numerator, these sales are subtracted from the denominator.

Solar*Rewards Generation – Generation from Solar*Rewards participants in Minnesota for which RECs are owned by NSP. Solar*Rewards participants receive an incentive to designate NSP as the owner of the RECs from the participating generating unit(s), and they are allowed to net meter their generation. Therefore, to accurately count their contribution toward the CRP, the net metered generation should be added back into the denominator.

5. The 2018 Certified Renewable Percentage

The table below provides the details of the CRP calculation for 2018. This calculation and the REC retirements will be subject to third party verification, with final confirmation of this 2018 CRP in the coming months.

Table 1: Summary of the Preliminary CRP Calculation for 2018

[values in MWh unless otherwise noted]	
	2018
Minnesota	
MN Retail Sales (A)	30,442,386
RECs Allocated to MN in 2018	
Total MN Renewable Generation (B)	9,600,149
MN Solar*Rewards RECs/Generation (also included in total above) (C)	32,053
Adjustments	
Trade Margin Adjustment (D)	1,344,157
Wholesale REC transfers (E)	0
REC Sales (F)	23,617
Purchased RECs (for Windsource) (G)	103,000
REC Retirements and Attribution	
RES Obligation %	25%
SES Obligation %	0%
RECs retired for RES/SES compliance	7,610,597
Renewable*Connect RECs/generation and sales (H)	150,339
Total Windsource sales (includes purchased RECs and system RECs) (I)	189,427
CRP Numerator = (B-D) – (H+I+E+F) + G	7,995,609
CRP Denominator = A – (H+I) + C	30,134,673
Certified Renewable Percentage	**26.5%**
Additional RECs to be retired for CRP	385,013

6. Changes to the CRP Methodology

The CRP Methodology will be available publicly on the Xcel Energy website. This methodology applies to programs and treatment of RECs as they exist today. The need for changes to the methodology may arise as new programs are put into place, if the treatment of RECs in existing programs changes in the future, and as consensus around industry best practices develops. Any changes to the methodology will be reflected in publicly available materials and will be described in annual reporting on the CRP.

The CRP is provided by the Company on a voluntary basis. In the event of modifications to existing policies, the enactment of new policies related to renewable energy generation, or other circumstances that would impact our ability to offer the

CRP, the Company may modify the CRP or stop providing the CRP in order to best position the Company for compliance.

7. Third-Party Verification

To provide assurance to customers and stakeholders that the CRP Methodology has been applied correctly and that the stated number of RECs have been retired, the Company will engage an external verifier to audit REC retirements and associated documentation. This third party will provide a verification report and an assurance statement that the Company will share publicly.

The Company will work with Lloyd's Register Quality Assurance, Inc. (LRQA) as the third-party verifier for at least the first year of the CRP. LRQA currently provides other verification services for Xcel Energy related to emissions reporting and has a well-established industry track record of providing verification services. The Company may work with different verifiers in the future.

8. Relation to other Xcel Energy Renewable Energy Programs

The CRP is designed to report the renewable energy percentage of the standard system mix of energy distributed to customers. For a customer who does not participate in any voluntary programs, the CRP is the percentage of their energy usage that they can claim is renewable. For customers wishing to go farther than the CRP, Xcel Energy is proud to offer customers a variety of ways to take voluntary action using renewable energy.

Incorporation of the CRP into a customer's renewable energy claims is optional, and their decision to do so may depend upon how their goals are structured. Customers can still participate in Xcel Energy voluntary renewable programs to offset 100 percent of their energy usage with RECs if they choose to do so. However, for customers who wish to incorporate the CRP toward their renewable energy achievements, general guidance is provided below.

Renewable*Connect and Windsource®

Renewable*Connect and Windsource are both implemented by providing credits for fuel costs and capacity and by charging a price per kWh for participating in the program. Customers participating in Renewable*Connect and Windsource also pay base rates and other riders, including the RES rider, associated with the full amount of

their electric usage. At a high level, this pricing structure is designed to clearly attribute the energy generation from specific renewable resources to participating customers, while also reflecting that the customer still relies on the overall system mix for the reliable delivery of electricity. Given this structure, we provide guidance on how the CRP complements a voluntary renewable program subscription (should the customer choose to apply the CRP toward their goals).

For the purpose of combining Renewable*Connect or Windsource with the CRP, the CRP is divided into two components described below.

1) *Renewable generation with costs recovered through base rates and the RES Rider*: Renewable*Connect and Windsource participants pay these costs associated with their full usage. Therefore, that component of the CRP applies to 100% of the customer's usage and is additive with a voluntary program subscription.
2) *Renewable generation with costs recovered through the Fuel Clause Adjustment Rider:* Voluntary renewable program participants are credited for the Fuel Clause Adjustment Rider. That component of the CRP applies only to the unsubscribed portion of a voluntary renewable program participant's usage.

As summarized in Table 2, in 2018 the total CRP is 26.5% with 10.6% in the first category described above and 15.9% in the second. Therefore, a customer could be 100% renewable with a voluntary program subscription for 89.4% of their usage (REC's for 100% renewable = 89.4% voluntary + 10.6% system generation). Figure 1, below, provides an example of how the CRP complements various levels of participation in a voluntary renewable program.

Table 2: Total Generation from Company-Owned Wind Resources for Which Costs are Recovered Through Base Rates or the RES Rider for 2018 (as reported in Docket No. E002/M-17-818)

2018	Number of RECs	**CRP**
Renewable generation for which costs are recovered through base rates and RES Rider	3,221,200	**10.6%**
Renewable generation for which costs are recovered through the Fuel Clause Adjustment Rider	4,774,409	**15.9%**
Total Certified Renewable Percentage	7,995,609	**26.5%**

Figure 1: Participation in Voluntary Renewable Program

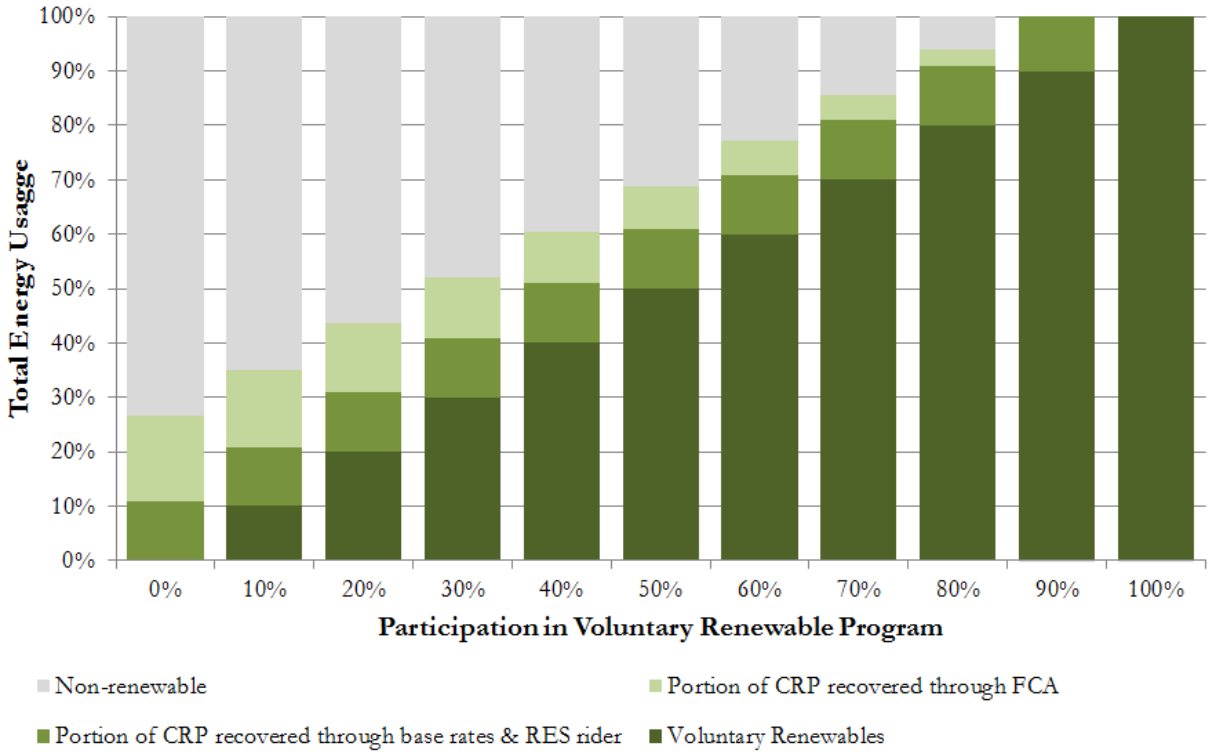


Figure 1 shows the total renewable percentage a customer can claim combining a voluntary renewable program subscription with the CRP. This chart uses the preliminary 2018 CRP of 26.5 percent and renewable generation with costs recovered through base rates or the RES rider as a percentage of retail sales of 10.6 percent.

Solar*Rewards

Participants in Solar*Rewards receive an incentive payment to designate Xcel Energy as the owner of the RECs associated with their solar generation. Xcel Energy then manages these RECs on behalf of all retail customers. As a Solar*Rewards participant, a customer acts as a renewable generator, but they cannot accurately claim to be using the renewable energy they generate and deliver to the grid. Doing so would risk double-counting the value of the RECs associated with this generation.

Solar*Rewards participants can, however, claim the CRP as the portion of their usage that is renewable by being an Xcel Energy customer. They can also participate in

voluntary renewable energy programs if they wish to achieve a higher percentage of renewable energy usage.

Solar*Rewards Community

Like Solar*Rewards, a portion of the bill credit received by Solar*Rewards Community subscribers is an incentive payment for the RECs associated with the generation from the solar garden. Xcel Energy receives those RECs and manages them on behalf of all retail customers. Solar*Rewards Community subscribers are participants in renewable generation through their subscription to a community solar garden, but they cannot accurately claim to be using the renewable energy the solar garden generates and delivers to the grid.

However, Solar*Rewards Community participants can claim the CRP as the portion of their usage that is renewable by being an Xcel Energy customer, and they can participate in voluntary renewable energy programs if they wish to achieve a higher percentage of renewable energy usage.

Net Metering

Customers who own their own solar generation system and net meter without participating in Solar*Rewards can claim the RECs associated with their generation. These customers can claim the entire amount of their consumption that is offset by their solar generation as 100 percent renewable. If their generation is less than their total consumption, then the CRP applies to the portion of system energy that the customers rely on to make up the difference.

It is the responsibility of the generation owner to register their generation with a REC tracking system or otherwise claim and retire the RECs associated with their generation in order to properly account for and claim the renewable energy as part of their usage, consistent with guidance from the FCC Green Guides.[3]

Table 3, below, summarizes REC attribution for various renewable energy options:

[3] https://www.ftc.gov/news-events/media-resources/truth-advertising/green-guides

Table 3: REC Attribution

Generation Source	REC's owned by Xcel Energy and managed on behalf of all customers	REC's retired on behalf of or retained by specific customers
Windsource		x
Solar*Rewards	X	
Solar*Rewards Community	X	
Net Metering		x
Renewable* Connect		x

9. My Renewable Mix Calculator Tool

To help customers understand the interactions between the CRP and the renewable energy programs described above, the Company will provide a calculator tool. Customers will be able to enter their total energy usage and their participation in various renewable energy programs. The tool will then calculate that customer's individual overall renewable percentage taking into account the CRP and any other voluntary actions they may take. The My Renewable Mix tool will help customers explore possible scenarios in future benchmark years to assist in planning.

10. Annual Reporting

The Company may provide an update on the status of the Certified Renewable Percentage in the annual RES compliance filing.[4] In the current filing, the Company is providing a preliminary CRP for 2018. The 2018 CRP will undergo third party verification and the final 2018 CRP will be confirmed publicly on the Xcel Energy website. In subsequent RES compliance filings, the Company may provide the CRP from prior years along with the third-party verification status. The Company may also provide updates on any modifications to the CRP methodology. The Company will release information pertaining to the CRP throughout the year on the Xcel Energy website.

[4] Renewable Energy Obligation (REO) - Renewable Energy Standard (RES) Compliance Report, Docket Nos. E999/M-16-83, E999-PR-16-12, and E999/PR-02-1240

CERTIFICATE OF SERVICE

I, Mustafa Adam, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

DOCKET NO. E002/M-20-815

Dated this 29th day of April 2021

/s/

_____

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