



2302 Great N. Drive  
Fargo, North Dakota 58402  
(701) 241-8632  
dave.sederquist@xcelenergy.com

June 26, 2013

**VIA ELECTRONIC**  
**AND U.S. MAIL**

Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
Department 408  
600 East Boulevard Avenue  
Bismarck, ND 58505-0480

**RE: 2013 ANNUAL RENEWABLE ENERGY OBJECTIVE STATUS REPORT**

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, respectfully submits this renewable energy objective (REO) compliance report to the North Dakota Public Service Commission as required by North Dakota Century Code Section 49-02-34.

**ANNUAL RENEWABLE ENERGY OBJECTIVE STATUS REPORT**

North Dakota Century Code Section 49-02-34 states:

Commencing on June 30, 2009, retail providers shall report annually on the provider's previous calendar year's energy sales. This report must include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales and a brief narrative report that describes steps taken to meet the objective over time and identifies any challenges or barriers encountered in meeting the objective.

For the 2012 calendar year, consistent with the requirements of the statute and detailed in Attachment A to this Report, 304,792 megawatt-hours, or 14.0 percent, of the energy we provided to our customers in North Dakota (adjusted for 2012 vintage Renewable Energy Credits, or RECs, sold earlier this year) was generated at facilities using qualified renewable resources. The 2012 percent reflects a slight increase from the 2011 level of 13.2 percent, due primarily to increased production of all renewable resources (except pre-2007 hydroelectric facilities).

## **STEPS TAKEN TO MEET THE RENEWABLE ENERGY OBJECTIVE**

The Company has taken a number of steps in recent years to meet the various renewable energy standards and objectives of the various states in which we operate. Since last year's REO Status Report, the Company has continued to evaluate its renewable energy requirements, moving forward with some projects and not with others. We continue to look for low cost renewable energy investment or purchase opportunities:

- We began purchasing power from the Prairie Rose, Big Blue, and Community Wind South wind facilities, which went into service late in 2012;
- We issued a Request for Proposals for wind generation in April 2013. We are in the process of finalizing our project selection, and expect to submit a filing containing our proposed resource additions to the Commission in July 2013.
- We continue construction on the CAPX2020 group of transmission projects in the region, including the 215 mile line from Monticello, Minnesota to Fargo, North Dakota.

## **JURISDICTIONAL RENEWABLE ENERGY CREDITS**

A system of renewable energy certificates accounted for in a regional tracking database, known as the Midwest Renewable Energy Tracking System (M-RETS), has been established for compliance tracking relative to state renewable energy standards.<sup>1</sup> One Renewable Energy Certificate or Credit (REC) is created with the production of one megawatt-hour of electricity at a power plant that qualifies as renewable-based generation. RECs are retired to demonstrate compliance with renewable energy standards and objectives. Some states allow RECs to be bought and sold so that they can be applied to compliance independently of the energy originally produced.

In recognition of the principle that RECs remain with the associated energy until retired or sold, Xcel Energy has set-up state jurisdictional accounts in M-RETS and allocated RECs to each jurisdictional account in proportion to jurisdictional energy cost allocations. These are not "retirement" accounts, but rather holding accounts for unused and active RECs that will ultimately be applied to jurisdictional renewable objectives or standards, or sold.

In the Commission's September 8, 2010 Order in Case No. PU-10-19, the Commission confirmed that the Company is not required to retire RECs prior to 2015. Since July 1,

---

<sup>1</sup> Note: All of the renewable generation facilities owned by Xcel Energy have been registered in M-RETS. All of the commercially operational facilities from which the Company purchases renewable energy that we have specific rights to the RECs, assigned in the Purchased Power Agreements or by the MPUC in Docket No. E002/M-08-440, are also registered in M-RETS.

2012, the Company has sold 116,484 RECs allocated to North Dakota from its 2009 - 2012 allocated generation. Xcel Energy credited customers approximately \$600,000 which was 90 percent of the net proceeds, consistent with the Commission's Order in Case No. PU-10-19. We continue to look for other opportunities in the REC market as we seek to maximize the value of our North Dakota RECs for the benefit of our retail customers.

If there are questions regarding information contained in the attached report, please feel free to contact me at (701) 241-8632 or [dave.sederquist@xcelenergy.com](mailto:dave.sederquist@xcelenergy.com) or Kari Chilcott Clark at (303) 571-6905 or [kari.clark@xcelenergy.com](mailto:kari.clark@xcelenergy.com).

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive, flowing style.

DAVID SEDERQUIST  
SR. REGULATORY/FINANCIAL CONSULTANT  
XCEL ENERGY (NORTH DAKOTA)

cc: Pat Fahn

**North Dakota Renewable Energy Objective  
2012 Status Report**

**Jurisdictional Allocators**

<u>State</u>	<u>State Allocators</u>
1 Minnesota	73.6918%
2 North Dakota	5.2198%
3 South Dakota	4.8702%
4 Wisconsin/Michigan	16.2183%
5 NSP System	100.0000%

**System Renewable Generation**

<u>Source</u>	<u>M-RETS RECs</u>
6 Wind	4,911,214
7 Solar	6,710
8 Hydro (pre-2007)	647,982
9 Hydro (in-service 2007 or after)	29,650
10 Biomass\Wood\Landfill Gas\Biogas	1,053,195
11 Refuse-Derived Fuel (RDF)	232,454
12 NSP System	6,881,205

**ND REO Renewable Energy**

13 ND % of System Total Generation:	5.21975%	L2
14 System RECs allocated to ND:	359,182	L12 x L13
15 Remove pre-2007 Hydro & RDF <sup>1</sup> :	<u>(45,956)</u>	-(L8+L11) x L13
16 ND REO qualifying renewable energy:	313,226	
17 Sales of 2012 vintage RECs <sup>2</sup> :	<u>(8,434)</u>	
18 Net ND REO qualifying renewable energy:	304,792	
19 ND retail sales:	2,207,401	FERC Form 1
20 Remove pre-2007 Hydro <sup>3</sup> :	<u>(33,823)</u>	-L8 x L13
21 ND REO adjusted retail sales:	2,173,578	

22 **ND REO renewable energy %:** **14.0%** (L18/L21)

23 **RECs retired for 2012 REO compliance** **0**

1 Per ND REO statute 49-02-25 and 49-02-26

2 Vintage 2012 REC sales executed as of June 28, 2013

3 Per ND REO statute 49-02-30

1 REC = 1 MWh