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June 30, 2014

**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: 2014 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 2013 calendar year, consistent with the requirements of the statute and detailed in Attachment A to this Report, 264,973 megawatt-hours, or 11.8 percent, of the energy we provided to our customers in North Dakota (adjusted for 2013 vintage Renewable Energy Credits, or RECs, sold earlier this year) was generated at facilities using qualified renewable resources. The 2013 percent reflects a decrease from the 2012 level of 14.0 percent, due to increased current year REC sales. Excluding those sales, REC production for 2013 increased 3.7 percent over 2012 production. In addition, Attachment B outlines REC sales during 2013 and remaining inventories by vintage.

## **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. We have already achieved the North Dakota objective of 10 percent by 2015. 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 contracted to purchase or build 750 MW of new Wind in 2013 that is expected to come online by 2016. Two projects with nameplate capacities totaling 350 MW will be located in North Dakota.
- 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, 2012, the Company has sold 935,631 RECs allocated to North Dakota from its 2009 - 2013 allocated generation. Xcel Energy credited customers approximately \$1,652,029.41,

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<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.

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 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 style with a large initial "D".

DAVID SEDERQUIST  
SR. REGULATORY/FINANCIAL CONSULTANT

cc: Pat Fahn

**North Dakota Renewable Energy Objective  
2013 Status Report**

**Attachment A**

**Jurisdictional Allocator**

<b>State</b>	<b>State Allocators</b>
1 Minnesota	74.2141%
2 North Dakota	5.5017%
3 South Dakota	4.9477%
4 Wisconsin/Michigan	15.3365%
5 NSP System	100.0000%

**System Renewable Generation**

<b>Source</b>	<b>M-RETS RECs</b>
6 Wind	5,355,703
7 Solar	10,405
8 Hydro (pre-2007)	867,345
9 Hydro (in-service 2007 or after)	41,902
10 Biomass\Wood\Landfill Gas	1,021,490
11 Refuse-Derived Fuel (RDF)	242,736
12 NSP System	7,539,581

**ND REO Renewable Energy**

13 ND % of System Total Generation:	5.50173%	L2
14 System RECs allocated to ND:	414,807	L12 x L13
15 Remove post-Feb 2013 Prairie Rose:	(28,580)	
16 Remove pre-2007 Hydro & RDF <sup>1</sup> :	(61,073)	-(L8+L11) x L13
17 ND REO qualifying renewable energy:	325,154	
18 Sales of 2013 vintage RECs <sup>2</sup> :	(60,181)	
19 Net ND REO qualifying renewable energy:	264,973	
20 ND retail sales:	2,301,545	FERC Form 1
21 Remove pre-2007 Hydro <sup>3</sup> :	(47,718)	-L8 x L13
22 ND REO adjusted retail sales:	2,253,827	
23 <b>ND REO renewable energy %:</b>	<b>11.8%</b>	(L18/L21)
24 <b>RECs retired for 2013 REO compliance</b>	<b>0</b>	

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

2 Vintage 2013 REC sales executed as of June 23, 2014

3 Per ND REO statute 49-02-30

**North Dakota Renewable Energy Objective  
2013 Status Report - REC Sales and Inventory**

Attachment B

**2013 REC Sales**

	<u>REC Type</u>	<u>Vintage</u>	<u>Quantity</u> <sup>1</sup>
1	Hydro	2009	29,910
2	Hydro	2010	54,097
3	Biomass (Non-Poultry)	2010	10,702
4	Biomass (Poultry Waste)	2009	11,101
5	Biomass (Poultry Waste)	2010	11,356
6	Biomass (Poultry Waste)	2011	10,052
7	Biomass (Poultry Waste)	2012	9,068
8	Biomass (Poultry Waste)	2013	7,529
9	Wind	2009	179,102
10	Wind	2010	289,961
11	Wind	2011	105,630
12	Wind	2012	164,471
13	Wind	2013	<u>52,652</u>
14	Total		935,631
15	Net Proceeds to ND from Sales		\$ 1,652,029

**Remaining REC Inventory**

	<b>2008<sup>2</sup></b>	<b>2009<sup>2</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
16	Biogas	-	-	2,337	2,293	2,100	-
17	Biomass (All)	7,850	-	80,698	79,439	36,874	10,141
18	Hydro	-	-	534	80,354	35,676	38,348
19	Municipal Solid Waste	-	-	1,546	2,686	-	-
20	Solar	-	-	40	162	418	1
21	Wind	-	-	<u>155</u>	<u>195,618</u>	<u>96,744</u>	<u>11,884</u>
22	Total	7,850	-	85,310	360,552	171,812	60,374

<sup>1</sup> Reflects sales of all RECs allocated to ND jurisdiction, irrespective of ND statutory definition of a REC.

<sup>2</sup> All 2008-2009 REC inventory has either been sold or swapped for newer vintages to increase portfolio value. The exception are 7,580 biomass RECs allocated to ND that are not eligible for compliance in other NSP states.