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June 26, 2020

VIA ELECTRONIC
AND U.S. MAIL

Steven M. Kahl, Executive Secretary
North Dakota Public Service Commission
Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

**RE: ANNUAL RENEWABLE ENERGY OBJECTIVE REPORT
2019 PERFORMANCE
CASE NO. PU-20-_____**

Dear Mr. Kahl:

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 in part:

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 2019 calendar year, the North Dakota allocable portion of renewable energy generated on the NSP System was 534,808 megawatt-hours (MWh's). Excluding the Hydro and Refuse Derived Fuel generation not allowed by the REO statute, 452,286 MWh's, or 21.1 percent, of the energy provided to serve North Dakota load was generated by REO-qualifying renewable resources (see Attachment A).

A portion of the 534,808 Renewable Energy Credits (RECs) created in 2019 were generated by renewable power purchase agreements previously disallowed by the Commission.¹ Excluding the RECs from the disallowed resources, 467,962 RECs were available to be sold for the benefit of North Dakota customers. The sale of these 2019 vintage RECs was executed in May 2020, and \$355,651 in sale proceeds will be passed on to our North Dakota electric customers through the Fuel Cost Rider (See Attachment B).

REC MANAGEMENT TO SATISFY THE NORTH DAKOTA REO

The Midwest Renewable Energy Tracking System (M-RETS) is the regional database used to officially show compliance relative to state renewable energy standards.² One REC is created with the production of one megawatt-hour of electricity at a power plant that qualifies as renewable-based generation. Xcel Energy has set up state jurisdictional accounts in M-RETS and allocates RECs to each jurisdictional account in proportion to jurisdictional energy use. These MRETs accounts are holding accounts for active RECs that will ultimately be applied to satisfy state renewable objectives or sold.

In general, RECs are either retired or sold to demonstrate compliance with renewable energy standards and objectives. The tracking system ensures an orderly and accurate accounting of RECs across the industry. In the Commission's September 8, 2010 Order (Case No. PU-10-19), the Commission confirmed that the statute does not require the Company to retire any RECs after the 2015 performance year. That said, to demonstrate compliance with the North Dakota voluntary renewable energy objective, NSP sells the North Dakota jurisdictional share of allocated RECs in the voluntary market. As mentioned above, for compliance year 2019, 467,962 RECs were sold, returning over \$355,000 in credits to its customers. The RECs were transferred via MRETs and can no longer be used by the company.

Going forward, the Company plans to continue to sell the North Dakota jurisdictional share of RECs each year and, in turn, pass the proceeds to the customers. Overall, since July 1, 2012 the Company has sold over 4.7 million RECs allocated to North Dakota during the 2009 – 2019 generation period, resulting in credits to customers of over \$4 million. In future years, we will continue to look for optimal sale opportunities in the

¹ In Case No. PU-12-813 the Commission approved a Settlement that called for the exclusion of purchased power agreements (PPAs) with 15 Community Based Energy Development (CBED) projects and 2 small solar power projects from the Fuel Cost Rider (FCR). Subsequent to that Order, 4 additional PPAs were excluded from the FCR as a result of Orders in Case Nos. PU-14-810, 15-95, and 16-458.

² Note: All the renewable generation facilities owned by Xcel Energy have been registered in M-RETS. All 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.

REC market for our inventory of North Dakota RECs, and timely sell them for the benefit of our retail customers.

ADDITIONAL RENEWABLE ENERGY ADDED TO SYSTEM

The Company has taken a number of steps in past years to add renewable energy to its system and meet the state's Renewable Energy Objective (REO), which culminated in a 10 percent goal in 2015. Since then, Xcel Energy has continued to look for opportunities to further its transition to a cleaner energy future. Most recently, the Company received approvals to add 1,850 MW of wind resources to its renewable portfolio. These resources are a mixture of Self-Build, Build-Own-Transfers (BOT), and Purchased Power Agreement projects. All are expected to commence commercial operations by 2021. These projects represent low-cost resources that will enable NSP to reduce emissions and meet the various renewable energy standards and objectives in the states within which we operate.

If there are questions regarding information contained in the attached report, please feel free to contact me or Sarah Frazee at (303) 571-7619 or sarah.m.frazee@xcelenergy.com. Thank you.

Sincerely,



DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION & FINANCE

Enclosures

cc: Pat Fahn

North Dakota Renewable Energy Objective 2019 Status Report

Jurisdictional Allocation (based on energy use)

	<u>State Allocators</u>
1 Minnesota	72.4823%
2 North Dakota	5.4635%
3 South Dakota	5.2925%
4 Wisconsin/Michigan	<u>16.7618%</u>
5 NSP System	100.0000%

2019 NSP System Renewable Generation¹

	<u>MWh (RECs)</u>
6 Wind	7,335,256
7 Hydro (pre-2007)	1,238,236
8 Biomass\Wood	447,666
9 Solar	418,408
10 Refuse-Derived Fuel (RDF)	272,207
11 Landfill Gas	45,184
12 Hydro (in-service 2007 or after)	31,816
13 NSP System	<u>9,788,773</u>

ND REO Renewable Energy

14 ND % of NSP System Energy	5.46348%
15 NSP System Renewable Energy allocated to ND	534,808
16 Exclude pre-2007 Hydro & RDF Production ²	<u>(82,522)</u>
17 ND REO qualifying renewable energy:	452,286

ND Retail Electric Energy Sales

18 ND electric energy retail sales	2,213,171
19 Exclude pre-2007 Hydro Production ³	<u>(67,650)</u>
20 ND REO adjusted retail sales	2,145,521

21 % of ND Energy from REO Qualifying Renewables	<u>21.1%</u>
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2019 ND REC Sales

22 NSP System Renewable Energy Allocated to ND (line 15)	534,808
23 Exclude Energy from Sources Disallowed in ND FCR ⁴	<u>(66,846)</u>
24 RECs Available to Sell for ND Ratepayers	467,962

25 2019 Vintage Executed REC Sales	467,962
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26 RECs Retired for 2019 REO Compliance⁵	0
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Notes:

- 1 Excludes production dedicated to green pricing programs (Windsorce, Renewable*Connect, etc.)
- 2 Per ND REO statute 49-02-25 and 49-02-26
- 3 Per ND REO statute 49-02-30
- 4 Per Settlement Agreement in Case No. PU-12-813.
- 5 Per statute, there is no REO compliance requirement after 2015; RECs are sold as available.

North Dakota Renewable Energy Objective 2019 Status Report

ND REC Sales Summary

<u>Transaction Date</u>	<u>Vintage</u>	<u>Quantity</u>	<u>Net Proceeds*</u>
5/13/2020	2019	<u>467,962</u>	<u>\$355,651.12</u>
<u>Total:</u>		<u>467,962</u>	<u>\$355,651.12</u>

*Proceeds are Net of applicable Broker Fees

REC Inventory (as of 5/30/2020)

<u>Source Type</u>	<u>Vintage</u> <u>2019</u>	<u>Total</u>
1 Wind	0	0
2 Solar	0	0
3 Hydro	0	0
4 Biomass	0	0
5 Total	<u>0</u>	<u>0</u>