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June 30, 2022

VIA ELECTRONIC
AND U.S. MAIL

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

**RE: ANNUAL RENEWABLE ENERGY OBJECTIVE STATUS REPORT
2021 PERFORMANCE
CASE NO. PU-22-____**

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 2021 calendar year, the North Dakota allocable portion of renewable energy generated on the NSP System was 730,338 megawatt-hours (MWh's). Excluding the renewable power purchase agreements not allowed to be recovered in rates and the hydro and Refuse Derived Fuel generation excluded per the REO statute, 609,836 MWh's, or 29.2 percent, of the energy provided to serve North Dakota load in 2021 was generated by REO-qualifying renewable resources (see Attachment A).

With respect to the sale of RECs in North Dakota, a portion of the 730,338 Renewable Energy Credits (RECs) created in 2021 were generated by renewable power purchase agreements previously disallowed for recovery by the Commission.¹ Excluding those resources, 667,717 RECs were available to be sold and the proceeds passed on to North Dakota customers. The sale of these 2021 vintage RECs was executed in May 2022, and \$1,345,812 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 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 MRET's accounts are holding accounts for active RECs that will ultimately be applied to satisfy state renewable objectives or standards or sold in the Market.

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 2021, 667,717 RECs were sold, returning over \$1.3 million in credits to its customers. The RECs were transferred via MRET's 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 6 million RECs allocated to North Dakota

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 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.

during the 2009 – 2021 generation period, resulting in credits to customers of over \$7.3 million. In future years, we will continue to look for optimal sale opportunities in the 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

Xcel Energy has continued to look for opportunities to further its transition to a cleaner energy future. Most recently, in 2021, the Company added 650 MW's of renewable generation capacity to its renewable portfolio. These resources are a mixture of Self-Build, Build-Own-Transfers (BOT), and Purchased Power Agreement projects. The combination of these projects and the addition of future renewable 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,

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

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

cc: Victor Schock

**North Dakota Renewable Energy Objective
2021 Status Report****Jurisdictional Allocation (based on energy use)**

	<u>State Allocators</u>
1 Minnesota	72.6845%
2 North Dakota	5.2910%
3 South Dakota	5.3293%
4 Wisconsin/Michigan	<u>16.6952%</u>
5 NSP System	100.0000%

2021 NSP System Renewable Generation¹

	<u>MWh (RECs)</u>	
6 Wind	11,860,323	85.9%
7 Hydro (pre-2007)	832,104	6.0%
9 Solar	476,154	3.4%
8 Biomass\Wood	332,041	2.4%
10 Refuse-Derived Fuel (RDF)	261,853	1.9%
12 Hydro (in-service 2007 or after)	36,442	0.3%
11 Landfill Gas	4,362	<u>0.0%</u>
13 NSP System	<u>13,803,279</u>	100.0%

ND REO Renewable Energy

14 ND % of NSP System Energy	5.29105%
15 NSP System Renewable Energy allocated to ND	730,338
16 Exclude Sources Not Allowed in ND FCR ²	<u>(62,621)</u>
17 Renewable Energy (RECs) Attributable to ND	667,717
18 Exclude pre-2007 Hydro & RDF Production ³	<u>(57,881)</u>
19 ND REO qualifying renewable energy:	609,836

ND Retail Electric Energy Sales

20 ND electric energy retail sales	2,132,532
21 Exclude pre-2007 Hydro Production ⁴	<u>(44,027)</u>
22 ND REO adjusted retail sales	2,088,505
23 % of ND Energy from REO Qualifying Renewables	<u>29.2%</u>

2021 ND REC Sales

24 NSP System Renewable Energy Allocated to ND	730,338
25 Exclude Sources Not Allowed in ND FCR	<u>(62,621)</u>
26 2021 ND RECs Available to Sell	667,717
27 2021 Vintage Executed REC Sales	667,717
	-
28 RECs Retired for 2021 REO Compliance ⁵	0

Notes:

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

**North Dakota Renewable Energy Objective
2021 Status Report****ND REC Sales Summary**

<u>Transaction Date</u>	<u>Vintage</u>	<u>Quantity</u>	<u>Net Proceeds*</u>
05/19/22	2021	150,000	\$ 300,000.00
05/20/22	2021	239,701	\$ 455,431.90
05/20/22	2021	117,000	\$ 292,500.00
05/23/22	2021	161,016	\$ 297,879.60
Total:		667,717	\$1,345,811.50

*Proceeds are Net of applicable Broker Fees

REC Inventory (as of 6/30/2022)

<u>Source Type</u>	<u>Vintage</u>	<u>Total</u>
	2021	
1 Wind	0	0
2 Solar	0	0
3 Hydro	0	0
4 Biomass	0	0
5 Total	0	0