



2302 Great N. Drive
Fargo, North Dakota 58402
(701) 241-8632
alex.j.nisbet@xcelenergy.com

June 28, 2023

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
2022 PERFORMANCE
CASE NO PU-23-____**

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 2022 calendar year, the North Dakota allocable portion of renewable energy generated on the NSP System was 912,539 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, 789,032 MWh's, or 36.9 percent, of the energy provided to serve North Dakota load in 2022 was generated by REO-qualifying renewable resources (see Attachment A).

With respect to the sale of RECs in North Dakota, a portion of the 912,539 Renewable Energy Credits (RECs) created in 2022 were generated by renewable power purchase agreements previously disallowed for recovery by the Commission.¹ Excluding those resources, 844,255 RECs were available to be sold and the proceeds passed on to North Dakota customers. The sale of these 2022 vintage RECs was executed in May 2023, and \$1,731,983 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 2022, 844,255 RECs were sold, returning over \$1.7 million in credits to our 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 our customers. Overall, since July 1, 2012 the Company has sold over 6.8 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 – 2022 generation period, resulting in credits to customers of over \$9 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 2022, the Company added 518 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 sarah.m.frazee@xcelenergy.com. Thank you.

Sincerely,

/s/

ALEX NISBET
REGULATORY POLICY SPECIALIST
XCEL ENERGY

Attachments
cc: Victor Schock

North Dakota Renewable Energy Objective 2022 Status Report

Jurisdictional Allocation (based on energy use)

	<u>State Allocators</u>
1 Minnesota	72.5050%
2 North Dakota	5.1662%
3 South Dakota	5.3070%
4 Wisconsin/Michigan	<u>17.0218%</u>
5 NSP System	100.0000%

2022 NSP System Renewable Generation¹

	<u>MWh (RECs)</u>	
6 Wind	15,753,729	89.2%
7 Hydro (pre-2007)	816,850	4.6%
9 Solar	455,460	2.6%
8 Biomass\Wood	339,362	1.9%
10 Refuse-Derived Fuel (RDF)	252,089	1.4%
12 Hydro (in-service 2007 or after)	31,056	0.2%
11 Landfill Gas	<u>15,179</u>	<u>0.1%</u>
13 NSP System	17,663,725	100.0%

ND REO Renewable Energy

14 ND % of NSP System Energy	5.16617%
15 NSP System Renewable Energy allocated to ND	912,539
16 Exclude Sources Not Allowed in ND FCR ²	<u>(68,284)</u>
17 Renewable Energy (RECs) Attributable to ND	844,255
18 Exclude pre-2007 Hydro & RDF Production ³	<u>(55,223)</u>
19 ND REO qualifying renewable energy:	789,032

ND Retail Electric Energy Sales

20 ND electric energy retail sales	2,180,366
21 Exclude pre-2007 Hydro Production ⁴	<u>(42,199)</u>
22 ND REO adjusted retail sales	2,138,167
 23 % of ND Energy from REO Qualifying Renewables	 <u>36.9%</u>

2022 ND REC Sales

24 NSP System Renewable Energy Allocated to ND	912,539
25 Exclude Sources Not Allowed in ND FCR	<u>(68,284)</u>
26 2021 ND RECs Available to Sell	844,255
 27 2022 Vintage Executed REC Sales	 844,255
 28 RECs Retired for 2022 REO Compliance ⁵	 - 0

Notes:

- 1 Excludes production dedicated to MN green pricing programs (Windsorce, 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 2022 Status Report

ND REC Sales Summary

Transaction Date	Vintage	Quantity	Net Proceeds*
05/11/23	2022	200,000	\$ 370,000.00
05/11/23	2022	200,000	\$ 400,000.00
05/22/23	2022	218,347	\$ 491,280.75
05/22/23	2022	150,000	\$ 307,500.00
05/23/23	2022	75,908	\$ 163,202.20
Total:		844,255	<u>\$1,731,982.95</u>

*Proceeds are Net of applicable Broker Fees

REC Inventory (as of 6/30/2023)

<u>Source Type</u>	Vintage	
	2023	Total
1 Wind	0	0
2 Solar	0	0
3 Hydro	0	0
4 Biomass	0	0
5 Total	<u>0</u>	<u>0</u>