



2302 Great Northern Drive
Fargo, ND 58102

June 28, 2024

—Via Electronic Mail and U.S. Mail—

Steven M. Kahl, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

**RE: ANNUAL RENEWABLE ENERGY OBJECTIVE STATUS REPORT
2023 PERFORMANCE
CASE NO. PU-24-____**

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.

I. 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 2023 calendar year, the North Dakota allocable portion of renewable energy generated on the NSP System was 875,864 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, 751,488 MWh's, or 35.9 percent, of the energy provided to serve North Dakota load in 2023 was generated by REO-qualifying renewable resources (see Attachment A).

With respect to the sale of RECs in North Dakota, a portion of the 875,864 Renewable Energy Credits (RECs) created in 2023 were generated by renewable power purchase agreements previously disallowed for recovery by the Commission.¹ Excluding those resources, 809,910 RECs were available to be sold and the proceeds passed on to North Dakota customers. The sale of these 2023 vintage RECs were executed in September 2023 and April 2024, and \$2,252,802 will be passed on to our North Dakota electric customers through the Fuel Cost Rider (See Attachment B).

II. 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 2023, 809,910 RECs were sold, returning over \$2.2 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

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.

customers. Overall, since July 1, 2012 the Company has sold over 6.9 million RECs allocated to North Dakota during the 2009 – 2023 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.

III. 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 2023, the Company added 200 MW's of renewable generation capacity to its renewable portfolio. These resources 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 at alex.j.nisbet@xcelenergy.com or Sarah Frazee at sarah.m.frazee@xcelenergy.com.

Sincerely,

/s/

ALEX NISBET
REGULATORY POLICY SPECIALIST

Enclosures
cc: Victor Schock

North Dakota Renewable Energy Objective 2023 Status Report

Jurisdictional Allocation (based on energy use)

	<u>State Allocators</u>
1 Minnesota	72.0196%
2 North Dakota	5.2982%
3 South Dakota	5.5487%
4 Wisconsin/Michigan	<u>17.1334%</u>
5 NSP System	100.0000%

2023 NSP System Renewable Generation¹

	<u>MWh (RECs)</u>	
6 Wind	14,621,103	88.4%
7 Hydro (pre-2007)	836,982	5.1%
9 Solar	462,841	2.8%
8 Biomass\Wood	303,672	1.8%
10 Refuse-Derived Fuel (RDF)	265,700	1.6%
12 Hydro (in-service 2007 or after)	28,900	0.2%
11 Landfill Gas	12,011	<u>0.1%</u>
13 NSP System	<u>16,531,209</u>	100.0%

ND REO Renewable Energy

14 ND % of NSP System Energy	5.29825%
15 NSP System Renewable Energy allocated to ND	875,864
16 Exclude Sources Not Allowed in ND FCR ²	<u>(65,954)</u>
17 Renewable Energy (RECs) Attributable to ND	809,910
18 Exclude pre-2007 Hydro & RDF Production ³	<u>(58,422)</u>
19 ND REO qualifying renewable energy:	751,488

ND Retail Electric Energy Sales

20 ND electric energy retail sales	2,135,084
21 Exclude pre-2007 Hydro Production ⁴	<u>(44,345)</u>
22 ND REO adjusted retail sales	2,090,739

23 **% of ND Energy from REO Qualifying Renewables** **35.9%**

2023 ND REC Sales

24 NSP System Renewable Energy Allocated to ND	875,864
25 Exclude Sources Not Allowed in ND FCR	<u>(65,954)</u>
26 2023 ND RECs Available to Sell	809,910

27 2023 Vintage Executed REC Sales 809,910

28 **RECs Retired for 2023 REO Compliance⁵** **0**

Notes:

- 1 Excludes production dedicated to MN green pricing programs (WindsorSource, 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 2023 Status Report

ND REC Sales Summary

Transaction Date	Vintage	Quantity	Net Proceeds*
09/11/23	2023	155,000	\$ 465,000.00
09/18/23	2023	150,000	\$ 480,000.00
09/20/23	2023	150,000	\$ 487,500.00
09/21/23	2023	45,000	\$ 144,000.00
04/09/24	2023	100,000	\$ 220,000.00
04/10/24	2023	110,000	\$ 236,500.00
04/11/24	2023	99,910	\$ 219,802.00
Total:		809,910	<u>\$2,252,802.00</u>

*Proceeds are Net of applicable Broker Fees

REC Inventory (as of 6/30/2024)

<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	0	0