



CARBON OFFSETS

We're exploring high-quality carbon offsets
to help reach our net-zero gas vision

At Xcel Energy, we aim to serve customers with net-zero energy in the coming decades, across all the ways customers use energy. Our commitment includes delivering 100% carbon-free electricity, fueling zero-carbon transportation and providing natural gas service with net-zero emissions.

Our goals for the natural gas business are comprehensive. By 2030, we plan to reduce greenhouse gas (GHG) emissions 25% from the supply, distribution and customer use of natural gas, on our way to providing net-zero gas service by 2050. To achieve these goals, we're deploying a portfolio of solutions that includes:

Tackling methane

- Accelerate repair work and improve operations to achieve net-zero methane emissions on our natural gas system by 2030.
- Purchase only natural gas with certified low-methane emissions by 2030.

Cutting carbon emissions from homes and businesses through a range of voluntary options

- Increase conservation options for customers.
- Pilot advanced electric water heaters, air source heat pumps with backup natural gas furnaces, all-electric new building developments and heating networks that connect homes and businesses through a system of ground source heat pumps.
- Develop low-carbon fuels such as hydrogen and renewable natural gas.





Reducing emissions from the natural gas business is a complex undertaking.

To reach our goals, we're counting on our ability to lead a major energy transformation by 2050. Not only will we change the way we do business, but we also must encourage others to change too. Achieving a net-zero future for natural gas will require piloting new options across the board—to build the market for certified low-emissions natural gas, advance electric technologies and clean fuels for wide-scale adoption, and persuade hundreds of thousands of customers to install and use those technologies. It's an ambitious goal. And that's where carbon offsets come in.

For Xcel Energy, high-quality carbon offsets are not a substitute for reducing emissions from natural gas. We'll do everything we can cost effectively do to reduce emissions from our system and help customers reduce their emissions—offsets are in addition to those reductions. By investing in carbon offsets now, we can cost effectively reduce GHG emissions today while we wait for new clean energy technologies to mature and become more affordable and mainstream for consumers. **Xcel Energy is starting to invest in offset projects now to gain experience, demonstrate offset quality and help build the market for high-caliber projects.**

What is a carbon offset?

A carbon offset represents one metric ton of carbon dioxide equivalent (CO₂e) that was either prevented from entering or removed from the atmosphere in order to compensate for emissions elsewhere. These offsets can be traded, sold or retired in the form of a carbon credit (1 credit = 1 metric ton CO₂e reduced).

Organizations or individuals choose to participate in carbon offset projects by purchasing credits equal to a portion or all of the GHG emissions from their operations or activities.

Seeking Carbon Offsets That Do More

Carbon offsets are one solution in our portfolio for achieving net-zero gas service by 2050. Our company has established strict criteria for participation in offset projects. We're only interested in **high-quality projects** specific to the states we serve that produce significant environmental or social benefits, beyond producing verified GHG reductions.

High-Quality Projects

We've established the following criteria for selecting carbon offset projects:

- Located in states Xcel Energy serves.
- Follows a scientifically robust protocol and rules to ensure offsets are:
 - Additional (reductions wouldn't occur without the project),
 - Permanent (safeguards against carbon removals being re-emitted),
 - Real (rigorous and conservative accounting),
 - Only counted once,
 - Verified by an independent third party.
- Creates economic benefits, such as jobs or sources of local revenue.
- Produces environmental improvements, such as reducing air and water pollution, waste or water use, preserving wildlife habitat, and restoring or supporting sustainable management of ecosystems.
- Reflects our company's commitment to diversity, equity and inclusion.
- Matches our corporate values: Committed, Connected, Safe and Trustworthy.

Carbon Offset Registries

We plan to **purchase only from projects registered on recognized carbon offset registries** with rigorous standards and long-term experience, such as:



Every project in our portfolio will:

- Follow scientifically based carbon accounting protocols that ensure additionality and permanence.
- Be vetted by the registry itself and then verified by an independent third-party verification body accredited by the registry.
- Have carbon offset credits with unique serial numbers that are transparently retired on the registry to ensure the reductions are counted only once.

Working with these registries, combined with applying our selection criteria, means **our customers and communities can be confident that projects we support meet the highest standards for GHG reductions while also delivering significant environmental and social benefits.**





Pilot Underway

Xcel Energy is participating in **six high-quality carbon offset projects** to gain experience and test the use of offsets associated with our net-zero goal for the gas business*.

The projects include:

- Green Minneapolis
- National Indian Carbon Coalition
- Bayfield Forestry Project
- Ducks Unlimited May Ranch Preserve
- Southern Plains Land Trust Raven's Nest and Heartland Ranch Preserves
- Refrigerants HFC Reclaim

Combined Project Impact



~180,000 acres of forest responsibly managed



45,000 acres of Colorado grassland preserved



8,600 trees planted in Minneapolis neighborhoods, helping cool urban heat islands



2,500 pounds HFC refrigerant recycled, preventing it from entering the atmosphere

*Carbon offset credits were purchased with shareholder funds, so the cost is not included in customer energy bills.

Green Minneapolis - Minneapolis Park and Recreation Board Planting Project

Location: Minneapolis, Minnesota

Description: Green Minneapolis is a nonprofit conservancy with a mission to advance the vibrancy of the Twin Cities through parks and greening. The organization's urban tree carbon offset program is part of its Twin Cities Climate Resiliency Initiative, a public-private partnership focused on reversing the decline of the urban tree canopy across Minneapolis and the seven-county Twin Cities metropolitan area. Designed to address the most harmful impacts of climate change on residents, it is a 20-year program to increase the metro area's tree canopy through planting and maintaining five million trees on public and private lands. Working with the Minneapolis Park and Recreation Board, the organization's tree planting creates multiple additional benefits including improved air quality, stormwater management and energy savings associated with the cooling benefits of shade trees. The project delivers an equity or environmental justice benefit by providing green infrastructure, energy savings and air quality benefits to disproportionately impacted communities, with the tree planting targeted to urban "heat islands" and areas with higher poverty levels that tend to have low canopy cover. Proceeds from the sale of carbon offsets are used to plant and maintain additional trees in Minneapolis neighborhoods.

Number of Offsets: 1,428

Methodology: [The City Forest Tree Planting Protocol Version 11](#)

Registry: [City Forest Credits](#), a nonprofit carbon registry that manages carbon and impact standards for U.S. metropolitan areas

Learn More: [Green Minneapolis](#)



"Urban tree canopy is crucial infrastructure to mitigate the impact of climate change on our region—in addition to sequestering carbon, urban trees cool heat islands, capture stormwater, reduce air pollution and create urban wildlife habitat. Tree loss due to Emerald Ash Borer, drought and other factors is causing the Twin Cities tree canopy to decline rapidly. As cities across the metro area search for ways to increase their tree planting budgets, carbon offset projects like Xcel Energy's can be an important new funding source."

David Wilson, board chair of Green Minneapolis



National Indian Carbon Coalition

Location: Minnesota

Description: Tribal Nations control large amounts of land used for farming, ranching or forestry, and many are uniquely positioned to benefit by participating in the carbon offset market. The National Indian Carbon Coalition seeks to reduce the effects of climate change and preserve Indian land ownership by helping Tribal Nations and individual Indian landowners develop carbon sequestration or offset projects. Xcel Energy is partnering with the National Indian Carbon Coalition to support a Tribal project in Minnesota that, along with GHG reductions, will support Tribal sovereignty and provide environmental, economic and cultural benefits. The project will use the highest quality accounting methodology for improved forest management. In addition to preserving Tribal land ownership, proceeds from Xcel Energy's investment in this project will benefit Tribes by generating additional revenue from the land, supporting land stewardship, and promoting soil health, ecological diversity and preserving water and air quality.

Learn More: [National Indian Carbon Coalition](#)



"Tribes are actively trying to address climate change with the sustainable management practices they are implementing on their lands through carbon sequestration projects to protect and preserve their tribal natural resources rather than extract or exploit those resources. By utilizing the revenue generated from carbon with buyers such as Xcel Energy, tribes will be able to mitigate some of that change that's going to happen to their land over the next 15 to 20 years."

**Bryan Van Stippen, Program Director,
National Indian Carbon Coalition**



Bayfield Forestry Project

Location: Bayfield County, Wisconsin

Description: Owned and operated by the Bayfield County Forestry and Parks Department, the Bayfield Forestry Project is located in the northernmost part of Wisconsin. Bayfield has one of the smallest populations but the third largest county forest in the state, with 83% of the land covered by forest. The carbon project ensures sustainable timber management, conservation and protection of the forest's natural resources. A variety of tree species provide habitat for birds, such as the Kirtlands warbler, sharp-tailed grouse and ruffed grouse. The forest also provides valuable habitat for fish and mammals such as black bear, beaver, white-tailed deer, moose and wolves. Proceeds from the sale of carbon credits help fund essential county services, such as schools and fire departments.

Number of Offsets: 1,560

Methodology: American Carbon Registry – Improved Forest Management on Non-Federal U.S. Forestlands

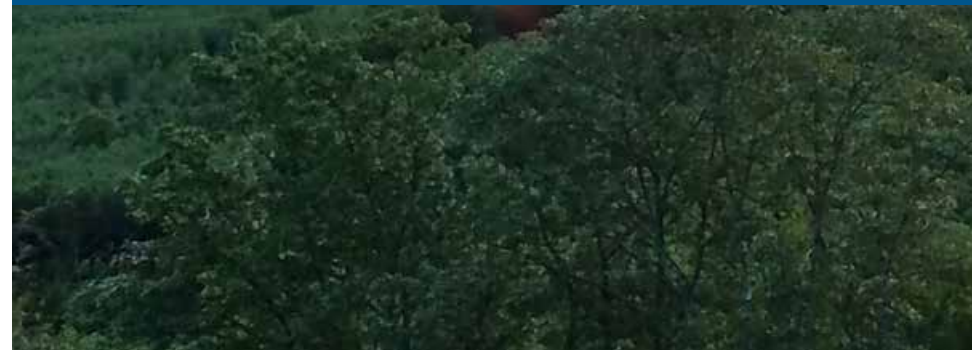
Registry: American Carbon Registry

Learn More: [Bayfield Forestry Project](#)



“Xcel Energy’s support of our forest carbon project helps to ensure that the county forest will be sustainably managed for decades to come, while continuing to provide an important source of revenue, as well as an abundance of natural resource benefits to Bayfield County.”

Bayfield County



Ducks Unlimited May Ranch Preserve

Location: Lamar, Colorado

Description: Ducks Unlimited, Inc. (DU) has partnered with the May family and supporting conservation organizations on a carbon credit offset project that will permanently preserve their family-owned working ranch in southeast Colorado. The project proactively protects 13,500 acres of at-risk native prairie grasslands from future conversion into cropland or other activities and retains important soil carbon reserves that have been sequestered over time, while ensuring sustainable grazing of diverse forbs and grasses. The project also protects biodiversity and habitat for numerous species of plants, migratory birds and other animals, including endangered species like the lesser prairie chicken, black rail and black-footed ferret. Proceeds from the sale of carbon credits help make conservation decisions and sustainable ranching financially viable for the May family.

Number of Offsets: 2,222

Methodology: [Climate Action Reserve – Protocol for Natural Climate Solutions, U.S. Grassland](#)

Registry: [Climate Action Reserve](#)

Learn More: [Ducks Unlimited May Ranch Preserve](#)



“The May Ranch carbon project embodies what carbon markets are hoping to achieve—helping finance decisions that have meaningful climate impact and ancillary conservation benefit. With conversion on all four sides of their ranch and offers in hand, the May family chose to protect their grasslands and all the benefits it provides to the broader public. Ducks Unlimited couldn’t be more proud to have played a role in this process, and we are thankful for the partnership with Xcel Energy who also recognizes the value in these important land-based projects.”

Billy Gascoigne, Director, Agriculture and Strategic Partnerships, Ducks Unlimited

Southern Plains Land Trust Raven's Nest and Heartland Ranch Preserves

Location: Bent County, Colorado

Description: The Southern Plains Land Trust purchases land and acquires conservation easements to help preserve native grassland animals and plants in southeastern Colorado. Altogether, the Land Trust preserves nearly 48,000 acres, with Xcel Energy's portion supporting the Raven's Nest and Heartland Ranch preserves that cover almost 30,000 acres. The land will be permanently protected from being converted to agricultural use, which is a significant risk given that cropland is five times more valuable for sale than grassland. The land preservation results in carbon sequestration and plant and wildlife protection as well as economic benefits through educational programs and tourism in a part of Colorado with a relatively high poverty level. Proceeds from the sale of carbon credits are used to preserve more land.

Number of Offsets: 3,333

Methodology: [Climate Action Reserve – Protocol for Natural Climate Solutions, U.S. Grassland](#)

Registry: [Climate Action Reserve](#)

Learn More: [Southern Plains Land Trust Raven's Nest and Heartland Ranch Preserves](#)

"Xcel Energy's purchase of voluntary carbon offset credits from the Southern Plains Land Trust helps us to make further strides for prairie wildlife. Funding land acquisition can be challenging, and carbon dollars make a difference. We appreciate our partnership with Xcel Energy as we work to bring back the American Serengeti across a vast prairie wilderness."

Nicole Rosmarino, co-founder of Southern Plains Land Trust



Refrigerants HFC Reclaim

Location: Denver, Colorado

Description: The Refrigerants Inc. HFC Reclaim Project avoids high global warming potential gases from leaking into the atmosphere by recycling used hydrofluorocarbons (HFC) refrigerant and therefore displacing the production of virgin material. In 2020, the United States produced and imported more than 300 million metric tons of CO₂e of virgin HFC refrigerant gas. Currently, the technology exists to reclaim and clean used HFC refrigerant to produce virgin specification product, but less than 2% of HFC gas is recycled because the cost of recovery and reclamation is higher than the cost of virgin material. The American Carbon Registry's methodology to quantify and credit the reclamation of HFC refrigerant provides economic incentives for EPA Certified Refrigerant Reclaimers to find used HFC refrigerant, process it to virgin specifications, and resell it into the refrigerant aftermarket.

Number of Offsets: 1,775

Methodology: American Carbon Registry – Certified Reclaimed HFC Refrigerants, Propellants, and Fire Suppressants

Registry: American Carbon Registry



For every pound of HFC recycled and sold into the aftermarket through this project, about 0.7 metric tons CO₂e is avoided from ever reaching the atmosphere.



Learn more about Xcel Energy's clean energy transition at
xcelenergy.com/carbon

