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Xcel Energy, other groups unveil Colorado Energy Plan

Proposal would drive significant investment in renewables and early retirement of coal units, provided that savings for Colorado electric consumers can be achieved

DENVER, Colorado (August 29, 2017) – Xcel Energy today filed a stipulation with a broad coalition of 14 diverse groups, asking the Colorado Public Utilities Commission (CPUC) to approve a process that could lead to $2.5 billion in clean energy investments in rural Colorado, if there is no additional cost to the company's electricity customers. In order to accommodate cleaner energy generating resources for the state, the proposal also calls for the consideration of the early retirement of two coal generation units in southern Colorado.

The "Colorado Energy Plan" proposes a proactive and widely supported electricity generating portfolio to augment the company's current 2016 Electric Resource Plan (ERP). In addition, the Colorado Energy Plan would only be advanced if the resulting portfolio of resources reduces, or at least does not increase, the cost of energy to Xcel Energy's Colorado customers.

The new generation projects will be identified and selected through a soon-to-be initiated competitive acquisition process, targeting a mix of utility and independent power producer (IPP) owned facilities, with Xcel Energy having a targeted investment of 50 percent of the renewable generation, and 75 percent of the natural gas-fired, storage, or renewable with storage generation resources in the portfolio. Portfolio estimates are up to 1,000 megawatts of wind, up to 700 megawatts of solar and up to 700 megawatts of natural gas.

"We have a responsibility to meet our customers' energy needs. Our customers expect us to provide low-cost power and increase the use of cleaner energy. As the state's largest utility, it is important to us that we also support rural areas in Colorado, and this proposal's investment will accomplish this goal," said David Eves, president, Xcel Energy – Colorado. "The proposal could increase renewable energy to 55 percent by 2026, save customers money, and dramatically reduce carbon and other emissions."

Parties to the stipulation include Xcel Energy's Public Service Company of Colorado; the Colorado Public Utilities Commission staff; the Colorado Office of Consumer Counsel (OCC); the Colorado Energy Office (CEO); the City of Boulder; Climax Molybdenum Company; the Colorado Energy Consumers Group (CEC); the Colorado Independent Energy Association (CIEA); the Colorado Solar Energy Industries Association (COSEIA), Interwest Energy Alliance; Invenergy LLC; Southwest Generation Operating Company, LLC; Rocky Mountain Environmental Labor Coalition and Colorado Building and Construction Trades Council, AFL-CIO (jointly, RMELC/CBCTC); Vote Solar; and Western Resource Advocates (WRA).

"Today's filing starts a conversation about how Colorado will transition to the clean energy economy of tomorrow. If approved, the commission will have an opportunity to evaluate transitioning our power production away from coal and toward less expensive clean renewable resources," said Erin Overturf, WRA chief energy counsel. "Taking advantage of these low cost options now would reduce customers' bills, while improving air quality and reducing greenhouse gas pollution that causes climate change. We ask the CPUC to consider this plan and welcome an open, collaborative conversation among all stakeholders to create our affordable, clean energy future."

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“The Colorado Independent Energy Association (CIEA) supports bringing forward a Colorado Energy Plan to allow more clean energy projects to come online sooner and applauds the company’s use of a competitive bidding process that will result in low-cost options to achieve the plan’s goals while keeping costs low for Colorado consumers,” said Mark Detsky, CIEA attorney. “The Colorado Energy Plan is an important step to implement the goals of Governor Hickenlooper’s recent executive order supporting Colorado’s clean energy transition.”

"Colorado has an historic opportunity to take advantage of renewable-generated electricity available through competitive market acquisitions at historically low prices, while investing in good-paying jobs and cleaner air," said Sarah Cottrell Propst, executive director of the Interwest Energy Alliance. "Interwest is pleased to be part of such a broad coalition working toward a clean energy future and new opportunities for economic growth."

"We are pleased to support the efforts of Xcel Energy to close coal plants, reduce carbon emissions, and move Colorado closer to a future where anyone can choose clean energy," noted Rick Gilliam, program director for Vote Solar, a national solar advocacy organization.

"We hope this agreement will make more room for affordable clean solar energy on the Xcel Energy system, while protecting the rights of customers to generate their own solar energy and receive fair credit," said Rebecca Cantwell, COSEIA executive director.

The Colorado Energy Plan supports “Our Energy Future,” launched last year by Xcel Energy - Colorado, a successful initiative to empower customer choice, power economic development and provide for the use of new energy technologies. The company also noted that its energy prices are competitive both nationally and in the states in which it serves. In the past four years, the average electric bill for Xcel Energy’s Colorado residential customers has decreased by 6 percent, and this proposal will help keep Colorado electricity costs for consumers low and predictable.

Parties to the stipulation are seeking approval of the proposal from the CPUC by the end of 2017, which would allow the company to bring forth a portfolio that includes the retirement of coal units and replacement of generation capacity. Among the major components of the Colorado Energy Plan are:

- Retirement of 660 megawatts of two coal-fired generation units at the Comanche Generating Station, located in Pueblo, Colo., including Unit #1 by the end of 2022, and Unit #2 no later than the end of 2025 (Unit #3 would remain in service);
- Issuance of a competitively-bid, all-source “request for proposal” (RFP) as part of Phase II of the 2016 Electric Resource Plan. The RFP could result in additions of up to 1,000 megawatts of wind, up to 700 megawatts of solar and up to 700 megawatts of natural gas and/or storage. No coal resource will be added as part of the RFP. Carbon emission could be reduced by up to 60 percent by 2026, when compared to 2005 levels, under the proposal;
- Utility ownership targets of 50 percent renewable generation resources and 75 percent of natural gas-fired, storage, or renewable with storage generation resources in the portfolio;
- Reduction of the Renewable Energy Standard Adjustment (RESA) bill rider to 1 percent, from the maximum 2 percent allowed, and currently being funded, under state law. The reduction of the RESA would be the subject of future regulatory proceedings and would not take effect until 2021 or 2022;
- Accelerated depreciation for the early retirement of the two coal-fired units at Comanche, also to be addressed in future regulatory proceedings, and
- Construction of a new switching station for a southern Colorado transmission “energy resource zone,” to help foster the further development of renewable generating resources in rural Colorado.

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Xcel Energy plans to issue the all-source RFP in the next several days and would anticipate filing a recommended portfolio with the CPUC in the first quarter of 2018. A final decision on the recommended portfolio by the CPUC is expected in the summer of 2018.

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About Xcel Energy
Xcel Energy (NYSE: XEL) provides the energy that powers millions of homes and businesses across eight Western and Midwestern states. Headquartered in Minneapolis, the company is an industry leader in responsibly reducing carbon emissions and producing and delivering clean energy solutions from a variety of renewable sources at competitive prices. For more information, visit xcelenergy.com or follow us on Twitter and Facebook.

Safe Harbor Statement
Certain matters discussed herein are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements, including potential changes to our generation mix and the timing of such changes, are intended to be identified in this document by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "objective," "outlook," "plan," "project," "possible," "potential," "should" and similar expressions. Actual results may vary materially. Forward-looking statements speak only as of the date they are made and we expressly disclaim any obligation to update any forward-looking information. The following factors, in addition to those discussed in Xcel Energy's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2017 and subsequent securities filings, could cause actual results to differ materially from those discussed in this release as suggested by such forward-looking information: general economic conditions, including inflation rates, monetary fluctuations and their impact on capital expenditures and the ability of Xcel Energy Inc. and its subsidiaries (collectively, Xcel Energy) to obtain financing on favorable terms; business conditions in the energy industry; including the risk of a slow down in the U.S. economy or delay in growth, recovery, trade, fiscal, taxation and environmental policies in areas where Xcel Energy has a financial interest; customer business conditions; actions of credit rating agencies; competitive factors including the extent and timing of the entry of additional competition in the markets served by Xcel Energy; unusual weather; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rates or have an impact on asset operation or ownership or impose environmental compliance conditions; structures that affect the speed and degree to which competition enters the electric and natural gas markets; costs and other effects of legal and administrative proceedings, settlements, investigations and claims; financial or regulatory accounting policies imposed by regulatory bodies; outcomes of regulatory proceedings; availability or cost of capital; and employee work force factors.

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