Public Policy

We engage in policy and regulatory issues important to providing our customers with the energy service and products they want and value.

As the energy industry continues to undergo a significant transformation, it’s essential that we participate in the policy developments that determine our future, representing the interests of our company and its many stakeholders. With more than a century of experience in meeting the energy and financial needs of customers, communities and investors, we aim to share our expertise with policymakers and elected officials to better inform the decisions that impact the service we provide.

One of our policy focus areas is supporting the new and emerging technologies that will change how we serve our customers. This includes technologies that support new products and services for enhancing the customer experience, as well as advanced, zero-carbon 24/7 power technologies and long-duration energy storage for achieving our carbon-free aspiration. Specifically, we support policy efforts that will springboard new research and development and will offer the right incentives to foster commercial demonstrations and early deployment of technology. Once new technologies become available, we need policy to accelerate adoption and streamline each phase of the process from siting and permitting to installation and operations.

We discuss issues and solutions with policymakers on all levels—local, state and federal. We also provide informal input and formal testimony and comments on proposed legislation and regulation. To help form partnerships or alliances for advancing our policy objectives, we participate in industry, trade, business and other associations. These memberships provide a pathway to achieve common goals with like-minded organizations, as well as the opportunity to influence those organizations on issues where we don’t always agree.

Governance

The board of directors oversees Xcel Energy’s public policy engagement and political participation, with the Governance, Compensation and Nominating Committee annually reviewing the company’s policy, lobbying expenditures, contributions and key lobbying activity. Within the company, the senior vice president, Strategy, Planning and External Affairs reports to the chairman and CEO and is responsible for Xcel Energy’s policy positions, strategy, and political participation.
HIGHLIGHTS

• Xcel Energy chairman and CEO, Ben Fowke, served as chairman of the Edison Electric Institute from June of 2020 to 2021. In this role, he helped guide the industry through challenges presented by the COVID-19 crisis and issues of racial equity, while continuing to champion the development of carbon-free, dispatchable power technologies that the industry needs to achieve 100% carbon-free electricity.

• We partnered with consumer advocates, energy companies, and state and local officials to advocate for increased federal assistance to households struggling to afford their energy bills. In December 2020, Congress enacted legislation providing $3.75 billion in funding for the Low Income Home Energy Assistance Program (LIHEAP). Subsequently, Congress enacted the $1.9 trillion COVID-19 relief bill known as the American Rescue Plan, which provided an additional $4.5 billion for LIHEAP. Taken together, these actions resulted in the largest amount of funding ever provided to the program. The packages also included funding for rental and mortgage assistance, part of which can be used by customers for utility expenses.

• Xcel Energy joined the Edison Electric Institute in supporting our nation’s return to the Paris climate agreement. For well over a decade, we’ve delivered significant carbon reductions while keeping bills low for customers, our success demonstrates that the power sector is a crucial contributor to economy-wide emission reductions, and we look forward to working with the Biden Administration and others on the details.

• Ben Fowke testified before the Senate Environment and Public Works Committee in early 2021 on issues related to reducing power sector carbon emissions, the resiliency of the electric grid, and expediting federal permitting for infrastructure. He emphasized the need for new technologies to meet our 100% carbon-free vision by 2050, the importance of natural gas in the near term, the need to maintain existing nuclear, and the importance of reforming the federal clean energy tax credits.

• In 2020, we published a report that details our clean energy strategy for the natural gas business, and to further inform our strategy, we engaged climate modeling experts to analyze the future use of natural gas in buildings. Specifically, they studied building energy use in different scenarios expected to achieve the temperature goals of the Paris agreement. We’re using the study’s findings to help guide local, state and federal policy related to natural gas use, in addition to developing voluntary programs to help customers reduce their carbon emissions from natural gas use. Learn more about our clean energy strategy for natural gas in the Leading the Clean Energy Transition brief in Xcel Energy’s Sustainability Report.

• We engaged with Colorado legislators, the Governor’s Office and other stakeholders on a proposed Clean Heat Standard that creates a regulatory path for programs to address greenhouse gas emissions from the distribution and use of natural gas in homes and businesses. The proposal aligns with Xcel Energy’s strategy and serves as a model for other states to enact policy for maintaining safe, affordable and reliable natural gas service that is cleaner and more efficient.

• Through participation in a technical advisory committee, we supported the state of Colorado in developing its Greenhouse Gas Pollution Roadmap, released in January 2021. The roadmap details potential pathways for achieving ambitious economy-wide targets to reduce emissions 26% by 2025, 50% by 2030, and 90% by 2040, over 2005 levels. We plan to work with the state on implementing policies to achieve the targets, which for the power sector, align with Xcel Energy’s goal to reduce carbon emissions 80% by 2030.
**Carbon-Free Technology Initiative**

Xcel Energy was the first major U.S. power company to announce its vision to deliver 100% carbon-free electricity by 2050. Since that time, dozens of other power companies have followed our lead, declaring their own carbon-free or net-zero goals. While it’s generally accepted that we can reduce carbon emissions 80% by 2030 with today’s resources, we need advanced, carbon-free, 24/7 power technologies to reduce the remaining 20% of carbon from electricity.

Over the past year, we worked with the Edison Electric Institute to help form the Carbon-Free Technology Initiative (CFTI). Launched in early 2021, it’s the most significant technology initiative the industry has ever undertaken and is a priority for Ben Fowke, Xcel Energy’s chairman and CEO, as part of his EEI chairmanship. In addition to EEI member companies, CFTI has participation from environmental groups and other stakeholders, including: Clean Air Task Force, Bipartisan Policy Center, Center for Climate and Energy Solutions, ClearPath, Great Plains Institute, Information Technology & Innovation Foundation, Nuclear Energy Institute, and Third Way.

The focus of the effort is on implementing federal policies to help secure the public funding and research required to spur development in the following technology areas:

- Advanced wind and solar energy systems
- Long-duration storage and advanced demand efficiency
- Advanced, dispatchable and renewable super hot rock deep geothermal
- Zero-carbon fuels, such as hydrogen
- Advanced nuclear energy, both fission and fusion
- Carbon capture, utilization and storage

EEI and CFTI’s participants are actively working with officials in the Biden Administration, members of Congress, and federal and state policymakers to promote policy recommendations that focus in four areas:

- Research and development, which primarily occurs through the U.S. Department of Energy and its national laboratories
- Demonstration of technologies and overcoming perceived risks and funding limitations for early technologies
- Deployment to move technologies from demonstration to commercial adoption
- Commercial ecosystem issues such as permitting and siting and investment in supportive infrastructure such as transmission, pipelines and storage sites

To date, the power industry has led the country in reducing carbon emissions. Together, we are moving as quickly as technology will allow while maintaining reliable, affordable energy for customers. Through CFTI, we have an opportunity to move even faster with the right policy solutions designed to make advancing carbon-free technology a priority.

Learn more about CFTI at [carbonfreetech.org](http://carbonfreetech.org). Find more information on our clean energy strategy in the [Leading the Clean Energy Transition brief](#) and our technology initiatives in the [Energy Innovation brief](#) in Xcel Energy’s Sustainability Report.
**Engaging with Trade and Other Associations**

Xcel Energy belongs to major trade organizations for the electric and natural gas industries, as well as other business and industry associations. This includes the Edison Electric Institute, American Gas Association, American Clean Power Association (formerly the American Wind Energy Association), and Nuclear Energy Institute, among others.

Associations offer public policy leadership, business intelligence and opportunities to attend topical conferences or forums. They also provide important government-industry coordination and keep us abreast of developments in areas such as safety, security, grid reliability and customer care.

Xcel Energy’s Strategy, Planning and External Affairs business area coordinates the company’s participation, continuously monitoring the positions and activities of our industry and other affiliations on important issues, such as security and climate change. Leaders and staff from throughout the company participate on boards, special committees or working groups and help to guide industry practices, policies and positions. Hundreds of member companies comprise our trade associations, representing different regions of the country and customer needs. Complete alignment with our positions is rare. However, one of the most valuable aspects of our participation is having a seat at the table and opportunity to influence others on issues where we may not agree.

In regard to our industry associations, our stakeholders are most interested in climate change and the following table provides the climate change positions of our major trade associations. As board members or active participants in the organizations, we contribute to or influence their positions, especially EEI where Xcel Energy’s chairman and CEO has been chairman of the board.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Position on Climate Change</th>
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<tr>
<td><strong>Edison Electric Institute (EEI)</strong></td>
<td>Global climate change presents one of the biggest energy and environmental policy challenges this country has ever faced. EEI member companies are committed to addressing the challenge of climate change and have undertaken a wide range of initiatives over the last 30 years to reduce, avoid or sequester greenhouse gas emissions. Policies to address climate change should seek to minimize impacts on consumers and avoid harm to U.S. industry and the economy. EEI and its member company support America re-joining the Paris agreement.</td>
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<tr>
<td><strong>American Gas Association (AGA)</strong></td>
<td>The American Gas Association is committed to reducing greenhouse gas emissions through smart innovation, new and modernized infrastructure, and advanced technologies that maintain reliable, resilient, and affordable energy service choices for consumers. AGA and its members have 10 commitments for delivering natural gas cleanly and more efficiently and for using infrastructure to distribute the energy sources of the future. They also have nine policy principles for developing an effective national policy for reducing greenhouse gas emissions and addressing climate change.</td>
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<tr>
<td><strong>Nuclear Energy Institute (NEI)</strong></td>
<td>Nuclear power plants produce nearly two-thirds of all electricity that doesn’t emit greenhouse gases in the process of generating power for American homes and businesses. Carbon dioxide—the principal greenhouse gas—is a major focus of policy discussions to reduce emissions. Nuclear power plants, which do not emit carbon dioxide, account for the majority of voluntary reductions in greenhouse gas emissions in the electric power sector.</td>
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<tr>
<td><strong>American Clean Power Association (ACP)</strong></td>
<td>Climate change is a global threat that requires international collaboration to address, and American Clean Power applauds the Biden-Harris Administration for re-asserting America’s place in the Paris agreement. For the world to overcome this challenge, our country must do more than simply play a part; we must lead. America’s clean energy industries stand ready to invest in U.S. communities and the U.S. workforce as we work together to achieve a more prosperous and lower-carbon future.</td>
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<td><strong>Zero Emissions Transportation Association (ZETA)</strong></td>
<td>ZETA is an industry-backed coalition advocating for 100% of vehicles sold by 2030 to be electric vehicles, which will support job creation, U.S. manufacturing, and pollution reduction. Zeta supports the rapid decarbonization to national net-zero emissions in the transportation sector no later than 2050.</td>
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Political Contributions and Lobbying

Xcel Energy has a corporate policy that sets guidelines and rules for political contributions and to ensure all contacts with government officials meet legal and ethical standards.

Our board of directors, leadership and employees must comply with all federal laws restricting the making of political contributions using corporate funds in connection with elections for federal offices. When communicating about matters involving Xcel Energy, the board of directors, leadership and employees must accurately convey corporate messages and support the Xcel Energy brand. Xcel Energy’s Political Contributions Report provides corporate contributions and dues paid to trade associations.

Public Policy Principles

Our energy landscape is evolving, driven by new technologies and customers demanding new energy options and a lower carbon footprint. In this new landscape, we are striving to meet the interests of individual customers while continuing to deliver safe, clean, reliable energy at an affordable cost and creating opportunities for our company to invest in the power grid. To meet the challenges ahead, we follow these four core principles as we support the transformation of our energy landscape.

- Energy providers are engines for innovation and deployment at scale. The vertically integrated utility model with regulatory oversight is well positioned to adapt to changing energy markets, new technologies, new customer preferences and community goals. This model provides inherent system value through efficiency, optimization and economies of scale that benefit all customers and balances the allocation of risks and benefits between the energy provider and its customers. As such, we are well positioned to grow the market for value-added services and to do so at scale and in a manner that benefits all customers.

- We can enable greater customer choice without eroding fundamental rate design principles. Ideally, rates should reflect the cost of service provided to a customer and continue to prioritize affordability because reliable, affordable energy is essential to a strong economy and protecting customers in need. Matching rates to price signals moves the system to a more efficient state of operation and options like time-of-use pricing can incentivize customers to shift energy use to more desirable times.

- The power grid is our economy’s greatest physical asset and electricity companies are its stewards. More than a collection of wires, the power grid is an integrated system of plants, transformers, substations, control systems and other equipment that is foundational to our economy. In our jurisdictions, the vertically integrated utility model—from supply to delivery—is the most effective way to economically maintain a reliable and secure grid and make the investments necessary to meet customer needs and achieve environmental goals.

- Electrification has emerged as a clear climate strategy and power companies should be the architects of that transition. Our economy is undergoing a transformation to greater and cleaner electricity usage, and through lower-carbon electricity and electrification, we can further reduce greenhouse gas emissions. The transition must be done as part of a thoughtful, deliberate, policy process—one that builds upon past power company successes and engages customers and communities who wish to actively participate. For example, we need to ensure that increased electric loads are managed in a way that avoid system peak and don’t increase the need for generation. Public policy should incentivize and encourage electric companies to participate and ensure the cost of electrification is borne by participants, rather than non-participants. If we have supportive public policy, the power sector can enable a pathway to a low-carbon economy.

To meet today’s challenges, our society does not need a new business model for energy providers. We need a modernized version of the model that has been delivering for decades. Our industry, and Xcel Energy as a leader in the industry, is well poised to meet these challenges in direct partnership with our regulators and customers.
Employee Policy Engagement
Grassroots advocacy is important to Xcel Energy because our industry is so complex. Xcel Energy employees can help educate their friends, neighbors and community leaders. We offer several ways for employees to become more involved.

- Legislative Days: We offer a special day at the capitol in each of our jurisdictions for employees to meet their elected officials and learn more about the legislative process. Before the onset of the COVID-19 pandemic in 2020, we were able to host events in Colorado and Wisconsin.

- Local events and meetings: Employees can represent the company at community meetings and special events.

- Political Action Committees: Employees can voluntarily participate in seven different groups that are organized and run by employees.

Political Action Committees
Xcel Energy sponsors seven Political Action Committees or PACs organized and run by employees, six at the state level and one at the federal level. Participation in the company’s PACs is completely voluntary and is part of the engagement opportunities that we offer employees.

Each of the company-sponsored PACs has its own board of directors elected by its members that make contribution decisions. All our PACs are strictly voluntary, and there are no employment benefits based upon participation. Each complies with all applicable local, state and federal laws.

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<th>2020 Xcel Energy Political Action Committee Activity</th>
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<td>PAC*</td>
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<td>Minnesota****</td>
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<td>North Dakota</td>
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<td>South Dakota</td>
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<tr>
<td>Texas/New Mexico (SCOPE)</td>
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<td>Colorado (Western PAC)</td>
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<td>Wisconsin</td>
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<td>Federal PAC (XPAC)</td>
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*State PAC programs comply with all federal and state laws and regulations, which in some cases restrict the amount of funds that can be contributed in non-election years.

**Xcel Energy has established a program that allows employees to voluntarily donate a portion of their salaries to a state PAC program and have that amount divided among our different state PACs. That employee is considered a member in each state PAC. Therefore, one employee who donates to our state PAC program would be counted as a member of the six different state PACs as reflected above.

***Funds contributed by employees can accrue over multiple years and are not necessarily distributed in the same year they were contributed. Contributions to candidates vary by year and are typically lower in nonelection years or years when state legislatures are in session. The total number of employees participating in PAC programs fluctuates throughout the year.

****The state PAC in Minnesota is operated outside of Xcel Energy in accordance with state law that prohibits the use of corporate resources to support the PAC; although, payroll deduction is specifically permitted in Minnesota. Activity for the Minnesota PAC is only included in this table for transparency and informational purposes.