



HORIZON BOUND

2021

SUSTAINABILITY REPORT

Forward-looking Statements

This report contains forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are identified in this report by the words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “goal,” “may,” “plan,” “possible,” “potential,” “project,” “proposed,” “should,” “vision,” “will,” “would” 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 Inc.’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and subsequent filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: uncertainty around the impacts and duration of the COVID-19 pandemic, including potential workforce impacts resulting from vaccination requirements, quarantine policies or government restrictions, and sales volatility; operational safety, including our nuclear generation facilities and other utility operations; successful long-term operational planning; commodity risks associated with energy markets and production; rising energy prices and fuel costs; qualified employee work force and third-party contractor factors; violations of our Code of Conduct; ability to recover costs, changes in regulation and subsidiaries’ ability to recover costs from customers; reductions in our credit ratings and the cost of maintaining certain contractual relationships; general economic conditions, including inflation rates, monetary fluctuations, supply chain constraints and their impact on capital expenditures and/or the ability of Xcel Energy Inc. and its subsidiaries to obtain financing on favorable terms; availability or cost of capital; our customers’ and counterparties’ ability to pay their debts to us; assumptions and costs relating to funding our employee benefit plans and health care benefits; our subsidiaries’ ability to make dividend payments; tax laws; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; seasonal weather patterns; changes in environmental laws and regulations; climate change and other weather; natural disaster and resource depletion, including compliance with any accompanying legislative and regulatory changes; costs of potential regulatory penalties; and regulatory changes and/or limitations related to the use of natural gas as an energy source.



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Who We Are

We are not waiting for the future. We are busy building it.

Every day, we power millions of homes, businesses and communities with energy across parts of eight Western and Midwestern states. Our customers rely on us to be there 24/7 with safe, affordable electricity and natural gas—but we provide much more than that.

Headquartered in Minneapolis, we are an industry leader in delivering renewable energy and in reducing carbon and other emissions. We are the first major U.S. power company to announce its vision to provide customers 100% carbon-free electricity and the first in our industry to have clean energy goals that address all the ways customers use energy—electricity, heating and transportation.

We constantly work to offer a cleaner energy mix, smarter solutions and seamless experiences for our customers. We are delivering modern energy leadership and services—everything from electric vehicle charging stations to an extensive portfolio of energy-saving programs and renewable choices. Beyond energy, we believe in giving back, whether that is assisting our communities with economic development, supporting customers in need or donating our time and financial resources.

Message from the CEO

Dear Stakeholders,

For the past two years, our company and the people we serve have grappled with some of humanity's greatest challenges—an ongoing global pandemic, extreme climate-driven events, economic volatility, and social and geopolitical unrest. Our customers rely on us to be there for them, especially during these difficult times, and our commitment and ability to fulfill our vision of being the trusted and preferred provider of the energy that customers need remains strong.

Every day the Xcel Energy team delivers on our mission, serving customers with safe, reliable, sustainable, and competitively priced energy. While it's essential that we focus on meeting our customers' needs today, our eyes are also on the future—on the next decade and the decades after that. We're committed to continuing our clean energy leadership and addressing other pressing environmental and social issues that affect our customers, communities and company.

Expanding and delivering on our clean energy vision

In December 2018, we were the first major U.S. energy provider to commit to delivering 100% carbon-free electricity by 2050, with one of the most aggressive interim targets to reduce carbon emissions more than 80% by 2030. To date, 26 of our peers have followed suit. We are well positioned to reach our 2030 goal under our landmark clean energy plans for Colorado and the Upper Midwest region. Those plans are expected to reduce carbon emissions at least 85% and deliver electricity from sources that are 80% carbon free by the end of the decade.



Bob Frenzel
Chairman,
President and
Chief
Executive
Officer

Our clean energy vision for the natural gas business builds on our ambitious electricity goals. In November 2021, we announced our goal to reduce greenhouse gas emissions 25% by 2030 from the supply, delivery and customer use of natural gas, with the longer-term commitment of providing net-zero gas service by 2050.

We've been transparent that we need new technologies and renewable fuels to deliver reliable, affordable electricity and home and building heating with net-zero carbon emissions in the coming decades. We're making progress by helping establish public-private and industry collaborations and supporting federal funding for developing technologies, such as new grant programs under the bipartisan Infrastructure Investment and Jobs Act.

We plan to use our increasingly clean electricity to power one out of five vehicles in the states we serve by the end of the decade. And our vision is to power zero-carbon transportation by 2050. To support those forecasts, this past year, we launched 14 new programs in Minnesota and Colorado that encourage and support EV adoption, and in early 2022, introduced programs for customers in New Mexico.

Xcel Energy has led the clean energy transition since 2005, and at the time of our natural gas announcement, we were the first U.S. energy provider to set aggressive goals across all the ways our customers use energy: electricity, heating and transportation. Together, all three commitments represent a comprehensive vision that positions Xcel Energy to become a net-zero energy provider by 2050.

Keeping customer energy bills affordable

Now more than ever customers are analyzing their energy bills, as they manage the rising costs of groceries, gasoline and other goods. Since 2013, we have kept average residential electricity and natural gas bill increases below 1% annually—well below the rate of inflation—and our customers' "share of wallet" for their energy costs is at a 70-year low. We continue to diligently control our business operating and maintenance costs through ongoing process improvements and new technology to help keep bills low.

Affordability and reliability are key criteria as we invest in a cleaner, more resilient energy system. From 2017 to early 2022, we completed the nation's largest multi-state wind investment, installing 14 new wind farms across seven states. The projects deliver clean, renewable energy that protects the environment and saves customers money. Over the past five years, wind energy has provided more than \$1.8 billion in savings through a combination of reduced fuel costs and tax credits.

For customers struggling to make ends meet, we've increased communications and programs, encouraging them to contact us for additional support or arrange payment plans. We have trained staff and multiple programs for connecting customers with resources and solutions.

Empowering our customers

One of the most impactful ways we can help customers manage their energy bills and support the environment is through conservation. We have invested more than \$2 billion over the past decade in a portfolio of energy efficiency programs that is among the country's longest running and most successful. Our customers completed more than 4 million efficiency projects in 2021. We also offer a comprehensive suite of renewable choice programs for customers who want more wind and solar energy in addition to the growing levels in our energy mix.

We deployed 310,000 smart meters for customers in Colorado last year. It's part of our \$1.7 billion, multi-year Advanced Grid Initiative that will be rolled out in all our states to benefit customers. The two-way communication capabilities will help improve reliability by reducing the time it takes to restore power during an outage and provide customers more options for managing their energy use and saving money. While we continue work in Colorado, we began installing the meters in Minnesota this year, with the Dakotas planned for 2023.

Delivering power with a purpose

We are a clean energy leader, and our environmental programs are second to none. However, nowhere is leadership more important than in employee safety. Three years ago, we made a bold change in our employee safety program based on cutting edge human performance research. For decades, the focus of corporate safety was on preventing minor employee injuries, expecting that this would prevent more serious injuries as well. Today, our "Safety Always" approach aims to build a culture of trust and transparency where workers feel comfortable reporting injuries and near misses. Our focus is on preventing serious injuries and fatalities—the life-changing incidents that devastate families and friends—through risk identification and mitigation programs and an employee and contractor approach that is more engaged and hands-on. Our new approach allows the organization to learn from the experience and apply critical controls for preventing future incidents.

Along with safety, we added a diversity, equity and inclusion (DEI) metric to our corporate scorecard in 2021. Among other things, our metric encourages the organization to consider diversity in hiring by using diverse interview panels and establishes a sponsorship program for high potential, diverse employees. We exceeded our goals and are building a more diverse workforce and culture where everyone is valued for their unique life experiences, perspectives and ideas. Creating a welcoming work environment helps us attract and retain the very best talent that reflects our communities and enhances our ability to serve customers.

We are rooted in communities through our service. Last year, our team volunteered nearly 70,000 hours with local nonprofits, and collectively—through the Xcel Energy Foundation, the company and employees—we invested 1% of our profits, about \$14.9 million, in our communities through donations and volunteer time. We paid over 33% of our pre-tax profit, about \$500 million, in property taxes that directly support schools, emergency responders and other critical community services. We also partner with local, state and regional economic organizations to foster business development. Since 2018, our team has worked to attract new expansion opportunities estimated to add about \$2.8 billion in capital investment and more than 10,000 jobs in our communities.

Some of our economic development support is directed specifically toward communities where we are retiring coal-fueled power plants early. It's important that those who hosted our operations for decades are not left behind. Through advanced planning and partnership, we are working to sustain these communities' local tax base while offering our employees retraining and relocation opportunities. To date, our company has closed or converted 21 coal units with no layoffs, and we're proposing to locate new clean energy projects in places, such as Pueblo, Colorado, and Becker, Minnesota, where plant retirements are planned this decade.

Horizon bound

Sustainability is embedded in our strategy. We are retiring coal plants, adding renewables, exploring new technologies and helping to electrify other sectors, while maintaining customer affordability and supporting employees and communities. Through all these efforts, we are meeting today's needs while solving future challenges and capitalizing on opportunities.

An even better energy future is on the horizon, and that's where we're headed. I encourage you to explore our 2021 Sustainability Report that details our strategy and our progress in managing environmental, social and local economic priorities.

Thank you for your ongoing support and partnership.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Frenzel', with a stylized, flowing script.

Bob Frenzel
Chairman, President and Chief Executive Officer



About This Report

Our sustainability reporting follows well-established standards

Publication Date: June 2022

Reporting Period: Jan. 1 to Dec. 31, 2021

Date of Previous Report: June 2021 (for 2020)

Reporting Cycle: Annual

Report Boundary: Xcel Energy and its four regulated operating companies

Contact Point: corporateresponsibility@xcelenergy.com

Xcel Energy has published an annual report on its economic, environmental and social contributions since 2005. Our 2021 Sustainability Report is based on 16 priorities that we identified as important to stakeholders and our company. We discuss how we manage those priorities and the progress we're making in report briefs—similar to chapters. The briefs **can be downloaded and used individually** or downloaded altogether in **the full report**. Background and information on the 16 priorities is provided in the **Managing Sustainability, Stakeholders and Priority Issues brief**, along with our goals and how they align with the U.N. Sustainable Development Goals.

We continue to base our reporting on Global Reporting Initiative (GRI) standards, which are the most widely used and well-established standards for sustainability reporting. Xcel Energy's 2021 Sustainability Report follows GRI's standards in accordance with the Core option and the Electric Utilities Sector Supplement. Please see our **GRI index**. In addition, we report disclosures identified by the Sustainability Accounting Standards Board (SASB) for Electric Utilities and Power Generators and Natural Gas Utilities and Distributors. Please see our **SASB index**. We also know that some investors and other stakeholders are interested in the Task Force on Climate-related Financial Disclosures (TCFD) so we have published a report that responds to TCFD's recommendations. Please read our report **Managing Risks and Opportunities in a Clean Energy Future**.

Xcel Energy's sustainability reporting includes policies, position statements and other company reports, as well as our past Corporate Responsibility or Triple Bottom Line reports. All these materials are available in the **ESG Document Library**.



Leading the Clean Energy Transition

We were the first U.S. energy provider to set aggressive goals for addressing all the ways our customers use energy — electricity, heating and transportation.

Now, more than ever, there is growing urgency to address the risk of climate change. We hear this from our customers, as well as from policymakers, investors and the communities we serve. It is a priority we share, and one we're tackling through a leading clean energy strategy that positions Xcel Energy to be a net-zero energy provider by 2050.

The greatest environmental contribution we can make is to serve customers with cleaner electricity. By 2030, we aim to reduce carbon emissions 80% from the electricity provided to customers, as we work toward delivering electricity that is 100% carbon free—with zero carbon dioxide emissions—by 2050, from both the power we produce and purchase from others.

Just as we're committed to providing clean electricity, we aim to deliver natural gas service with net-zero emissions by 2050. In the interim, our goal is to reduce greenhouse gas emissions 25% from the supply, delivery and customer use of natural gas, including achieving net-zero methane emissions from our distribution system, by 2030.

Beyond our operations, clean electricity can power a cleaner economy, and it starts with transportation—the country's largest source of carbon emissions. Our vision is to power zero-carbon transportation in our service area by 2050, with an interim goal of enabling one out of five vehicles to be electric by 2030. By increasing EV adoption, we will improve air quality, grow our business and save customers billions in fuel costs.

We are implementing our strategy at a pace that transitions to clean energy sources as quickly as possible while maintaining service reliability and keeping customer energy bills affordable. To ground our goals in climate science, we engaged with climate modeling experts who validated that our projected emissions reductions align with science-based scenarios likely to meet the targets of the Paris agreement for limiting global warming to 1.5 degrees Celsius from preindustrial levels.

Governance

Under Xcel Energy's Board of Directors, each board committee plays a role in managing risks associated with climate change, with the Operations, Nuclear, Environmental and Safety (ONES) Committee assigned specific responsibility for overseeing climate-related risks and the company's environmental strategy and performance, including carbon reduction initiatives. Within the company, the chief sustainability officer reports to the CEO and is responsible for sustainability and ESG-related policy, strategy, governance and reporting, including the management of climate-related risks, and regular sustainability discussions with the board.

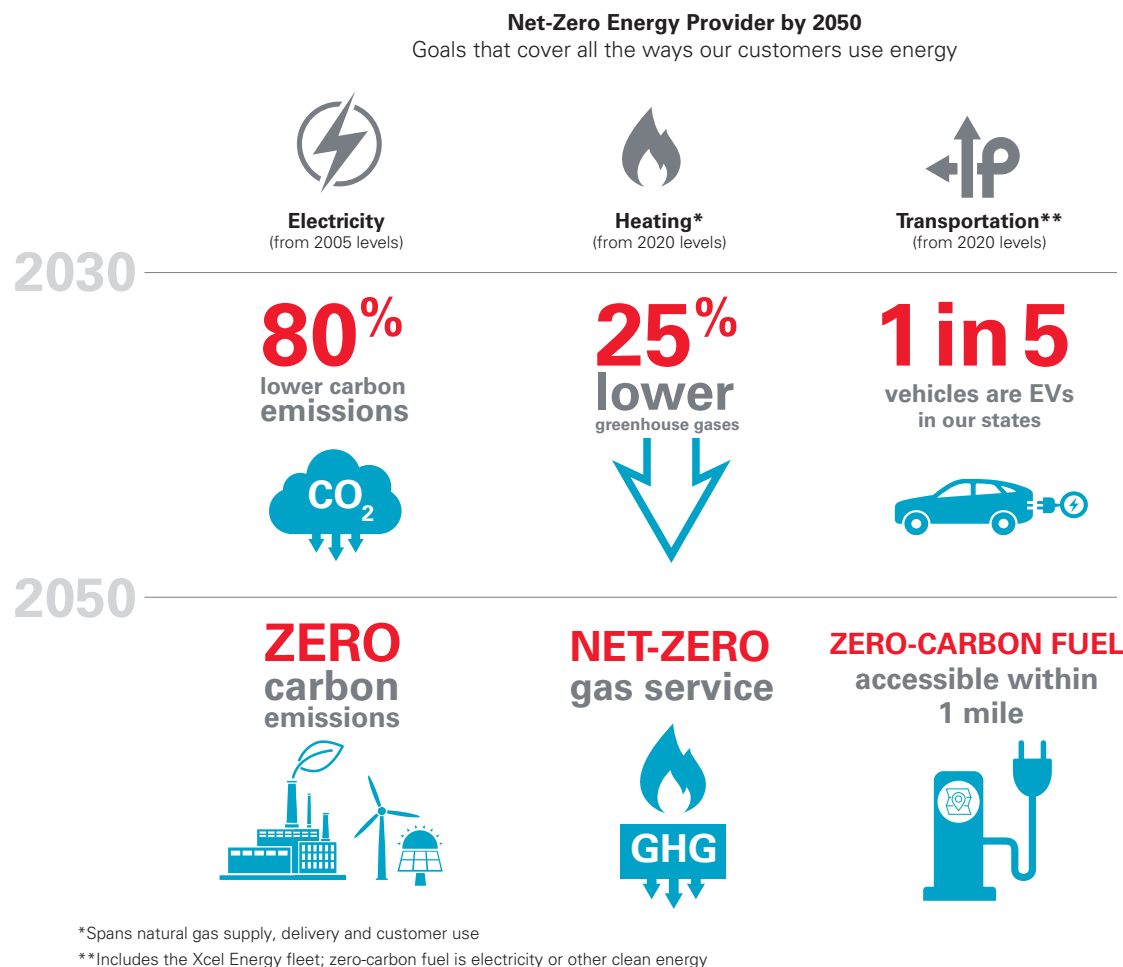
Highlights

- From 2005 through 2021, we reduced carbon emissions 50% and remain on track to achieve our interim goal of reducing carbon emissions 80% by 2030 from 2005 levels. Our carbon reductions held steady despite a rise in energy demand due to economic recovery from the pandemic and a spike in natural gas prices that favored coal-fueled generation on our system and across the globe.
- We were among the first in our industry in 2005 to tie carbon reduction to executive compensation and continue doing so today, with our board of directors providing oversight of environmental performance since 2000.
- In November 2021, we announced our net-zero vision for the natural gas business. A unique aspect of the goal is that it addresses greenhouse gas emissions from the supply, delivery and customer use of natural gas —both carbon dioxide and methane emissions— which is important to our stakeholders.
- Under our clean energy goals for electricity, heating and transportation, we expect to cut carbon dioxide output by more than 80 million tons from 2005 to 2030—equivalent to the carbon removed by 1.2 billion trees.
- Our landmark clean energy plans for Colorado and the Upper Midwest establish a firm pathway for reducing carbon emissions by at least 85% and put us on track to fully exit from coal in the the regions no later than Jan. 1, 2031.
- Xcel Energy is a founding member of The Climate Registry, and our annual greenhouse gas reporting is third-party verified going back to 2005, making us the only power company with this length of consecutively verified data. Our reporting follows The Climate Registry's Electric Power Sector Protocol, which aligns with the World Resources Institute and ISO 14000 series standards.



Clean Energy on the Horizon

Xcel Energy is reducing greenhouse gas emissions and transitioning to clean energy sources today. We are set to achieve aggressive interim goals by 2030, on our way to becoming a net-zero energy provider in the future. As we invest in clean energy, we are equally committed to maintaining reliability and keeping energy bills affordable for customers.



Carbon-Free Electricity

Carbon dioxide from producing electricity makes up the majority of greenhouse gas emissions from our operations company-wide. That is why delivering electricity with zero carbon emissions by 2050 is the cornerstone of our clean energy vision.

We've backed up our ambitious goals with landmark clean energy plans for Colorado and the Upper Midwest that were developed by engaging with stakeholders and our state public utilities commissions. The plans demonstrate that with today's wind, solar and battery technologies we can reduce carbon dioxide emissions at least 85% by 2030—and do so reliably and affordably for customers. Collectively, our plans call for adding nearly 10,000 megawatts of wind and solar capacity and retiring all remaining coal-fueled generation in the regions no later than Jan. 1, 2031.

- **Colorado Clean Energy Plan:** Our plan for Colorado is expected to reduce carbon dioxide emissions by at least 85% from 2005 levels and deliver electricity from more than 80% renewable energy sources by 2030. We reached an agreement on the plan with a wide range of stakeholders representing customers, communities, state agencies, labor and generation providers in April 2022.

Under the plan, we will add:

- 2,400 megawatts of wind and 1,600 megawatts of large-scale solar capacity
- 1,200 megawatts of distributed solar capacity
- 1,300 megawatts of dispatchable resources (available 24/7) and 400 megawatts battery storage

The plan also calls for phasing down all remaining Colorado coal-fueled generation, including:

- Comanche Station Unit 3 will retire no later than Jan. 1, 2031, with the unit beginning to reduce operations in 2025
- Pawnee Station will convert from coal to natural gas generation by 2026
- Craig Station Unit 2 will retire by 2028
- Hayden Station will retire by 2028

We have also committed to working with communities, employees and union leaders to manage the retirement of coal-fueled plants.

- **Upper Midwest Energy Plan:** In February 2022, the Minnesota Public Utilities Commission approved our plan that is expected to reduce carbon dioxide emissions more than 85% from 2005 levels and deliver electricity from at least 80% carbon-free energy sources by 2030.

Under the plan, we will:

- Add 2,150 megawatts of wind and 2,500 megawatts of solar by 2032, with another 1,100 megawatts of wind and solar capacity beyond 2032
- Retire all remaining Upper Midwest coal plants by 2030
- Ensure reliable, affordable energy by extending the generation of carbon-free nuclear energy at our Monticello Plant an additional 10 years to 2040
- Build on our successful energy efficiency programs to help customers save energy and money and work with customers on new demand response options to manage energy load
- Develop new transmission infrastructure to connect more clean energy to the power grid, reusing important connections near retiring coal plants, which will help maintain reliability

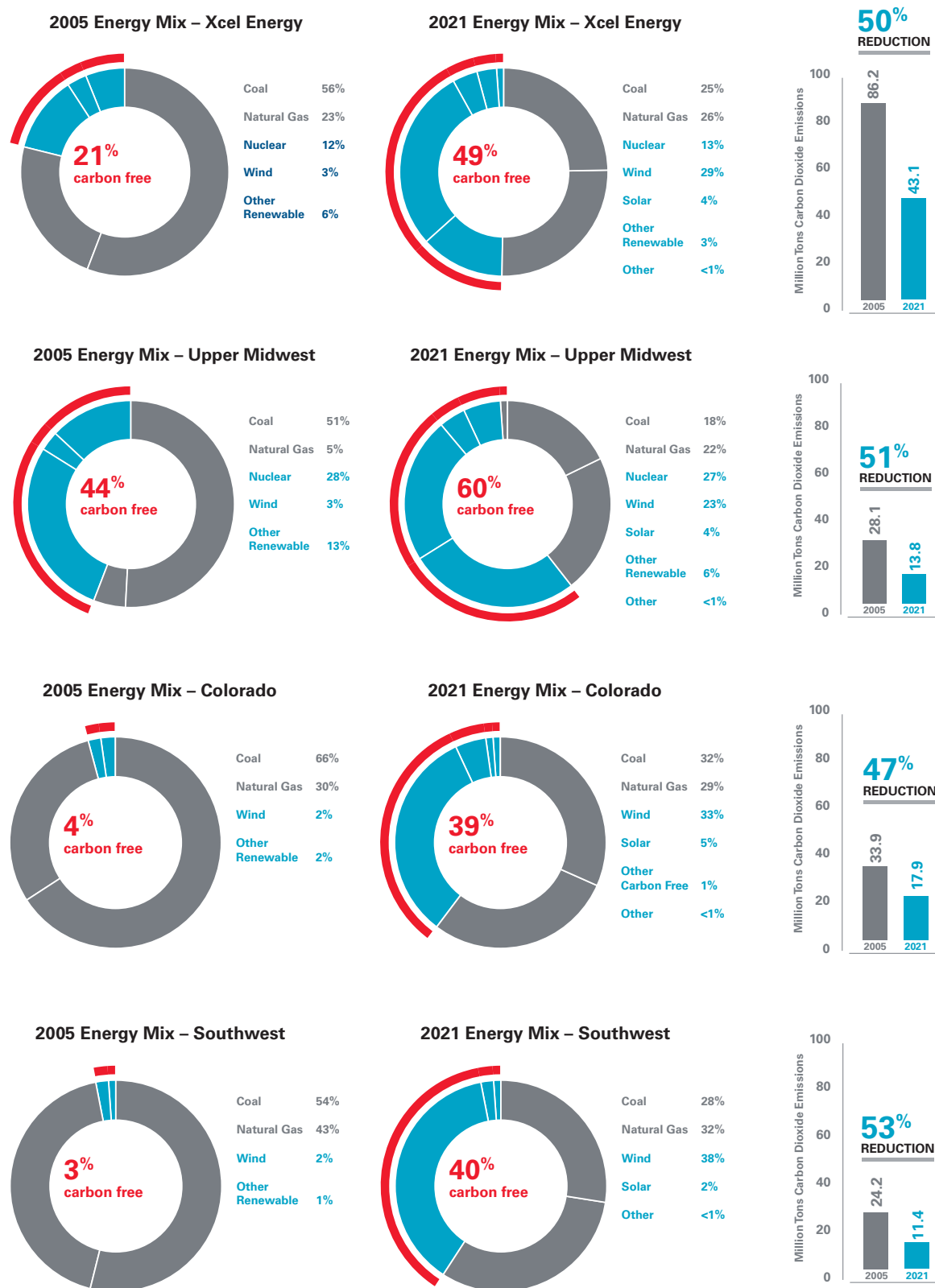
The commission approved moving forward with some elements of the new transmission infrastructure, with additional filings and approvals needed as work progresses. Approximately 3,800 megawatts of additional capacity for backing up wind and solar resources and maintaining reliability by 2030 will require further commission approval. This includes 800 megawatts of hydrogen-ready combustion turbines and 300 megawatts of repowered combustion turbines that need to go through a certificate of need process for final approval.

- **Plans for Texas and New Mexico:** By 2030, we anticipate reducing carbon dioxide emissions more than 70% and providing electricity from at least 70% renewable energy resources. We plan to add about 1,900 megawatts of wind and solar energy and will switch Harrington Station from coal to natural gas in 2024 and retire Tolk Station by 2034. We already operate Tolk seasonally or as economically appropriate.

In 2019, we published the report **Building a Carbon-free Future** that details our goals and clean energy strategy for electricity. The report is available on xcelenergy.com/carbon.

2021 Progress Toward Carbon-Free Electricity Vision

Xcel Energy's clean energy vision for electricity includes reducing carbon dioxide emissions from the electricity that serves our customers, including owned and purchased power. The charts below show our 2021 energy mix and carbon dioxide emissions (short tons) compared to the 2005 baseline.*



*Carbon dioxide emissions are from electricity delivered to customers in 2021 and are considered preliminary until third-party verified; third-party verification is expected to be completed by first quarter 2023. Energy mix includes all electricity on our systems for the year by fuel type, including electricity produced at Xcel Energy power plants, purchased from others and supplied for customers participating in renewable choice programs (Windsource®, Renewable*Connect®, Solar*Rewards® and Solar*Rewards Community®).

Net-Zero Natural Gas Service

After more than a year of study, Xcel Energy in 2021 announced its vision for delivering net-zero natural gas in 2050. The vision includes an important interim goal of reducing greenhouse gas emissions from natural gas service by 25% from 2020 levels, including net-zero methane emissions from our own infrastructure, by 2030.

Our vision is comprehensive and includes taking the following actions for reducing emissions across the supply, delivery and customer use of natural gas—from drill head to burner tip.

- **Certified low-emissions natural gas supply:** We depend on suppliers for the natural gas we deliver to customers, and while we have no direct control over our suppliers' activities, we can use our purchasing power to move them toward improved transparency and lower methane emissions. We plan to purchase only certified low-emissions natural gas from suppliers by 2030. In 2021, we began taking steps toward that goal by asking suppliers to provide information on their methane intensities as well as their use of best practices for reducing emissions. We also are helping build the market for certified low-emission natural gas through initiatives, such as a pilot project with Civitas Resources (formerly Crestone Peak Resources) and Project Canary in Colorado. From spring 2021 through winter 2022, we purchased enough certified natural gas to heat about 20,000 homes per day from Civitas Resources, while Project Canary continuously monitored and certified the emissions.
- **Net-zero methane emissions from natural gas distribution:** The clean energy transition for natural gas starts with our own system where we have already made significant progress reducing methane emissions. We plan to enhance our emissions detection, accelerate repair work, improve reporting and continue making operational improvements. Our current progress includes:
 - We joined EPA's Natural Gas STAR program in 2008 to voluntarily reduce methane emissions. We continue to maintain a methane emissions rate below 0.22% for our system, which is considered low for the industry. In 2016, we became a founding member of EPA's Methane Challenge and pledged to reduce the venting of pipelines by at least half during scheduled natural gas construction projects. We surpassed that pledge over the past three years and reduced the venting of methane an average of 83%.
 - Over the next five years, we plan to invest more than \$1.1 billion in projects that tighten and improve our system, helping maintain safety and reducing methane emissions. To date, we have replaced all the cast iron and nearly all the bare steel pipe on our system with improved plastic and protected steel pipe.
 - We engage in industry collaborations that promote transparent reporting and best practices for reducing emissions from natural gas. Xcel Energy is a member of Our Nation's Energy (ONE) Future, an industry partnership with the goal of collectively limiting methane emissions to 1% or less by 2025 across the entire natural gas supply chain. We also participate in the Natural Gas Sustainability Initiative (NGSI), an industry effort sponsored by the Edison Electric Institute and American Gas Association, focused on creating consistent, transparent disclosures among natural gas providers
- **Offering customers new cost-effective options for cutting carbon emissions:** About 85% of Xcel Energy customers depend on natural gas for heating their homes and businesses. It is a reliable, affordable fuel, especially in the colder climates that we serve. While our natural gas system continues to grow and deliver more natural gas to new customers, individual customers have reduced their natural gas consumption nearly 20% since 2000 through more efficient appliances, better building practices and our extensive portfolio of conservation programs.

We plan to offer new voluntary programs to further help customers reduce carbon emissions from their natural gas use, including expanded conservation programs. We are starting to pilot multiple options, including smart electric water heaters, all-electric new building developments, and electric air source heat pumps for cooling and heating combined with natural gas furnaces for backup heating. We also plan to launch a renewable natural gas pilot, similar to the voluntary wind and solar programs we offer customers and are exploring testing both hydrogen production and hydrogen blending in our natural gas distribution system.

We published a report, [Net-Zero Vision for Natural Gas](#), that details our clean energy strategy for our natural gas business. The report is available on xcelenergy.com/carbon. Find more information about our customer energy efficiency programs in the [Energy Efficiency and Electric Vehicles brief](#) and our natural gas operations in the [Reliable and Secure Energy brief](#), both in Xcel Energy's Sustainability Report.

In early 2022, we worked with a leading independent national analysis firm, Energy+Environmental Economics (E3), to evaluate scenarios for achieving our interim goal to reduce greenhouse gas emissions 25% from our natural gas service. The analysis confirmed our strategy is the right approach, including:

- We need a portfolio of solutions to effectively reduce emissions—there is no single solution
- Customers and natural gas suppliers must be part of the solution
- The natural gas system plays an essential role in reducing greenhouse gas emissions, especially in colder climates

The **E3 report** on greenhouse gas reduction scenarios for Xcel Energy's natural gas business is available on xcelenergy.com/carbon.

2021 Net-Zero Natural Gas Progress

We are developing the metrics to report our progress reducing greenhouse gas emissions from the natural gas business compared to a 2020 baseline. We expect greenhouse gas emissions from our natural gas business may increase due to system growth over the next several years, while we launch the initiatives for lowering emissions.

The methane emissions intensity from Xcel Energy's natural gas distribution system in 2020 was 0.202%. This intensity is calculated following the Natural Gas Sustainability Initiative protocol and serves as the baseline for reporting methane emissions under our goal. Using the same methodology, total system carbon dioxide equivalent was 265,150 metric tons.

More detailed methane reporting information is provided in the **Data Summary** in Xcel Energy's Sustainability Report.

Transportation Electrification

We are using our clean energy leadership to support transportation electrification. With electric vehicles (EVs) primed for widespread adoption, our lower-carbon electricity can reduce emissions from the transportation sector, while driving electricity sales growth and helping keep bills low for customers.

We have an ambitious vision to enable zero-carbon transportation in our service area by 2050, providing the infrastructure and energy to run all vehicles on carbon-free electricity or other clean energy like carbon-free hydrogen for future fuel cell electric vehicles. By 2030, our interim goal is to enable one out of five vehicles in our service area to be electric.

We are also leading the way in our own vehicle fleet. We plan to electrify all sedans in our fleet by 2023 and all light-duty vehicles and 30% of medium- and heavy-duty vehicles by 2030. By the end of 2021, our company fleet included 130 electric sedans—a more than 40% increase compared to 2020 as we replace all existing vehicles. By 2050, our goal is to operate a zero-carbon fleet.

Our plans for connecting customers to EVs include:

- Optimizing the use of the power grid by offering special rates and program options that encourage vehicle charging during off-peak and low-cost time periods
- Encouraging vehicle adoption with programs and services that provide an excellent customer experience and make it more affordable and convenient and easier to charge electric vehicles
- Serving as a trusted energy advisor and connecting customers with information and resources through our industry and other partnerships

An electric vehicle powered with Xcel Energy electricity in 2021 was more than 55% cleaner than a conventional gasoline-powered vehicle and is expected to be at least 80% cleaner by 2030 under our clean energy plans for electricity. Besides the environmental benefits, EVs can save customers money because they are less expensive to drive, costing the equivalent of about \$1 per gallon of gasoline to fuel and requiring no oil changes and limited maintenance.

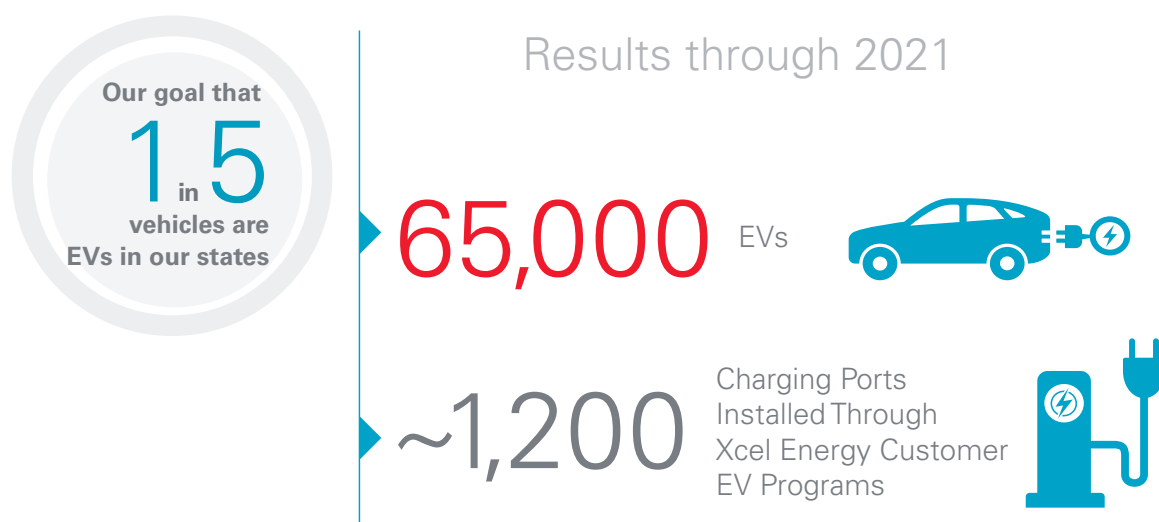
Xcel Energy launched a record 14 clean transportation programs in Colorado and Minnesota in 2021, and in early 2022, rolled out a suite of new EV programs for residential and commercial customers in New Mexico. We currently offer EV programs for customers in Wisconsin and continue to explore additional opportunities across all our states.

Equity is a key component of our electric transportation vision. Our goal is to develop holistic programs and infrastructure for delivering affordable EV charging solutions for all customers at home, work and on the go. By 2050, our vision is for all customers to access affordable charging at or within one mile of their homes, and underserved communities will have opportunities to participate in Xcel Energy programs and the economic development benefits associated with zero-carbon transportation.

We published the report **Drive Toward a Carbon-free Future: Electric Transportation Vision**, that details our transportation electrification strategy. The report is available on xcelenergy.com/carbon. More information about our customer programs is available in the **Energy Efficiency and Electric Vehicles brief** in Xcel Energy's Sustainability Report.

2021 Transportation Electrification Progress

Under our goal to enable one out of five vehicles in our service area to be electric by 2030, we expect our EV driving customers to collectively save \$1 billion annually, while all customers benefit from eliminating 5 million tons of carbon emissions annually by the same year.



Technology for a Net-Zero Energy Future

Xcel Energy and the industry at large are achieving significant emissions reductions with the renewable and storage technologies available today, but those technologies can only go so far. Achieving our net-zero emissions commitments by 2050, and doing so reliably and affordably for customers, requires new clean energy technologies that are not yet available at the cost and scale which are needed.

Zero-Carbon Dispatchable Power Technologies

As we look beyond 2030 toward eliminating the remaining carbon emissions from the power grid, we need carbon-free technologies that are dispatchable—available anytime or 24/7—to maintain system reliability while operating high-levels of variable wind and solar energy resources.

New carbon-free dispatchable technologies on the horizon include:

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

Because we can't develop these resources on our own, we're working with others who share our interests on the research, development and deployment of advanced technologies. We joined the Low-Carbon Resources Initiative led by the Electric Power Research Institute and GTI, a leading research and development organization that is addressing energy and environmental challenges. This is a five-year focused research and development commitment to create the pathways to advance low-carbon technologies for large-scale deployment.

In early 2021, we helped launch the Carbon-Free Technology Initiative that focuses on implementation of federal policies to help ensure the commercial availability of affordable, carbon-free, 24/7 power technology options by the early 2030s. The Edison Electric Institute leads the initiative, along with its member companies and other environmental and technology participants.

Technologies for Net-Zero Natural Gas Service

Our net-zero vision for the natural gas business will drive technology innovation. Through pilot programs, we can help build the market for and improve new advanced building technologies such as smart electric water heaters and heat pumps, as well as low-carbon gas alternatives, including hydrogen and renewable natural gas.

We are pursuing demonstration projects, such as our hydrogen production pilot with Idaho National Laboratory at the Prairie Island Nuclear Plant, and participate in several research studies, including:

- Xcel Energy provides customers in Colorado incentives to participate in a study with the National Renewable Energy Laboratory on the real-world effectiveness of cold climate heat pumps at high altitude. Participating customers agree to long-term monitoring of their installed heat pumps, so researchers can analyze and compare the performance to similar equipment in a laboratory environment. The goal is to develop heat pump information for trade partners and customers to use for making buying decisions.
- The two-year HyBlend Project with the National Renewable Energy Laboratory is a collaborative project with industry sponsors, including Xcel Energy. Launched in 2021, it seeks to address technical barriers associated with blending hydrogen in natural gas infrastructure.
- We are participating in the Department of Energy's Residential Cold Climate Heat Pump Technology Challenge. Through the challenge, DOE aims to develop new technology specification for a high-performance cold climate heat pump that meets consumer needs, demonstrate equipment performance in the lab and pilot sites, and launch pilot programs with partners, such as Xcel Energy, to identify and alleviate installation challenges and accelerate adoption.

Our focus on innovation and advancing technology also includes direct air capture, where carbon emissions are removed from the environment. Out to 2050 and beyond, we expect to still have some natural gas on the system and anticipate using direct air capture to remove remaining carbon emissions associated with our service.

Find more information about our company's technology projects in the [Energy Innovation brief](#) and our policy initiatives in the [Public Policy brief](#), both in Xcel Energy's Sustainability Report.

Grounding Our Goals in Climate Science

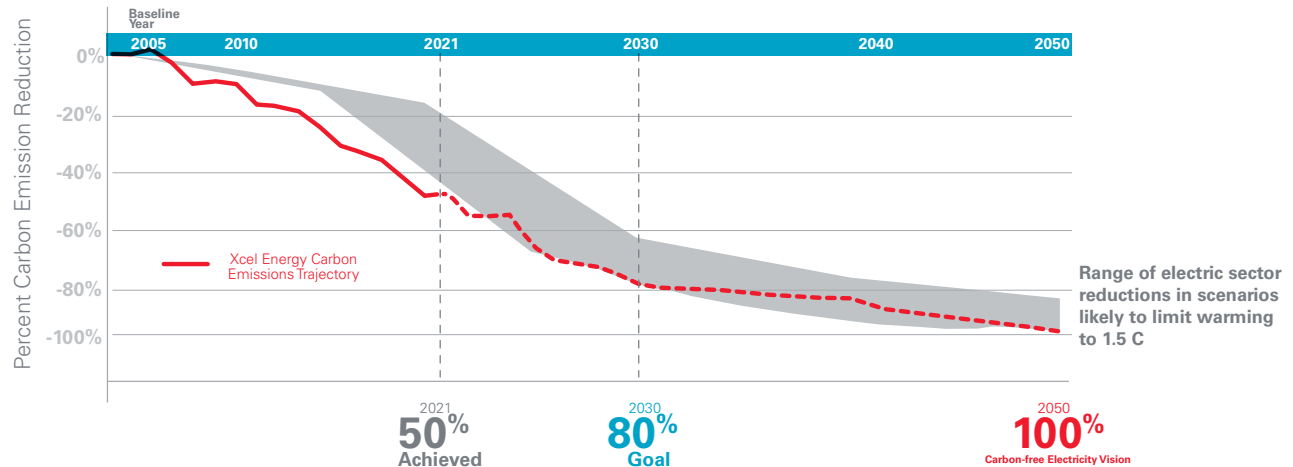
We continue to use climate science to inform our clean energy strategy.

Evaluating Our Carbon Vision for Electricity

We first contracted with climate modeling experts, including a lead author for the International Panel on Climate Change (IPCC), to understand how our vision for delivering 100% carbon-free electricity by 2050 and interim goal of reducing carbon emissions 80% by 2030 relate to global temperature goals.

These experts consulted the newest IPCC emission scenarios database and analyzed carbon emissions for the electric sector in industrialized countries, within global greenhouse gas scenarios that have a high (66% or greater) probability of achieving the 2 degrees Celsius goal and those more likely than not (50% or greater) to achieve the 1.5 degrees Celsius goal.

Xcel Energy's carbon emissions trajectory for the electricity provided to customers aligns with science-based scenarios likely to limit global warming to 1.5 degrees Celsius.

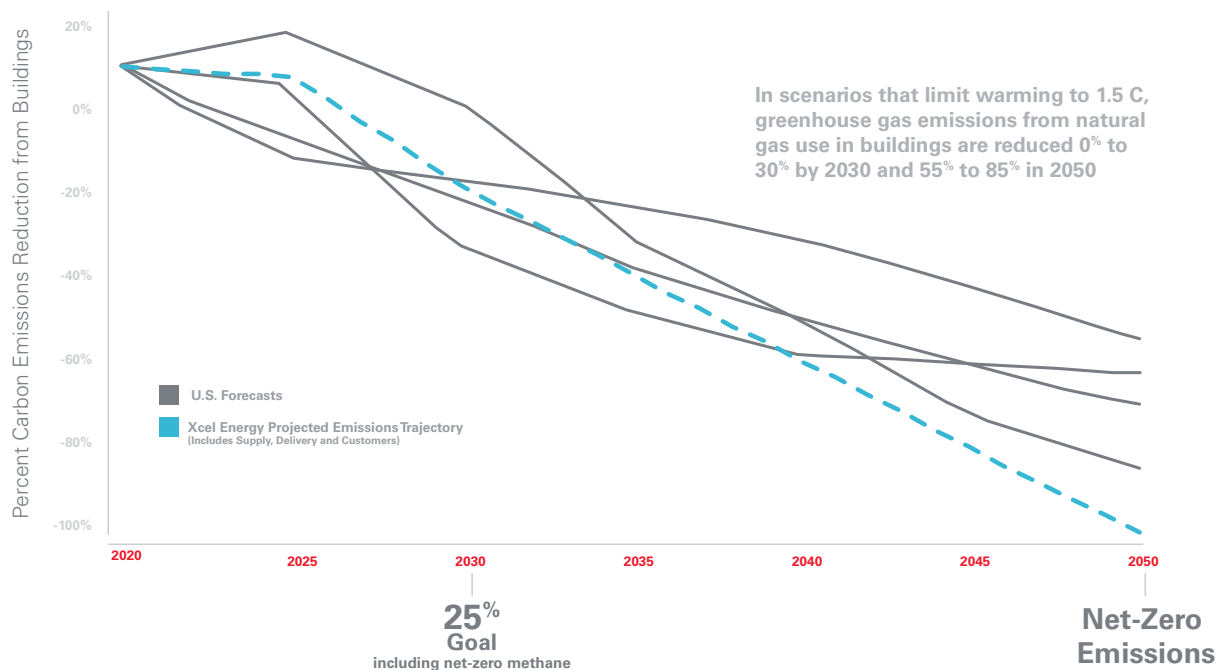


The dark gray shaded area in the chart above represents the range of electric sector reductions in scenarios likely to limit warming to 1.5 C from preindustrial levels. Xcel Energy's carbon emissions reduction trajectory to 2050 was then compared with the emission scenarios. Based on this analysis, our reduction targets are clearly consistent with—even on the low end of—the electric sector reductions in scenarios that achieve the international 1.5 C goal.

Analyzing the Future Use of Natural Gas in Buildings with the Climate Science

We engaged with the same climate modeling expert who conducted our electric system study to test the future use of natural gas in buildings against scenarios likely to achieve the 2 degrees Celsius and 1.5 degrees Celsius temperature goals of the Paris agreement.

Xcel Energy's net-zero vision for natural gas aligns with scenarios likely to limit global warming to 1.5 degrees Celsius.



Study results show a range of possible outcomes that all achieve the same climate goals for natural gas in a low-carbon future, driven by the cost and availability of technology especially in colder climates that rely the most on natural gas for heating. Our strategy is consistent with and can help drive these outcomes. Over the next decade, our voluntary strategy for achieving net-zero natural gas service can achieve the same range of emission reductions as the scenarios in the study do.

The reports that include the full analysis for both climate science studies are available on xcelenergy.com/carbon.

Xcel Energy's Greenhouse Gas Reporting

For well over a decade, we have supported the timely, transparent public reporting of carbon dioxide and other greenhouse gas emissions. We joined The Climate Registry as a founding member in 2007 to help establish a consistent, transparent standard for calculating, verifying and reporting greenhouse gases. Our reporting is based on The Climate Registry and its Electric Power Sector Protocol, which aligns with the World Resources Institute and ISO 14000 series standards.

We are currently working to expand our greenhouse gas reporting to accurately track progress in meeting our net-zero vision for natural gas, which includes both methane and carbon dioxide from the supply, delivery and customer use of natural gas.

Carbon Dioxide from the Electricity Serving Customers

For 15 years (2005 through 2019), we have third-party verified, registered and publicly disclosed our carbon dioxide emissions through The Climate Registry and are the only power company with this length of consecutive, verified reporting. Xcel Energy has consistently measured its emissions reduction progress compared to a 2005 baseline, which is the first year we began measuring and tracking our greenhouse gas emissions. National and international standards commonly use a 2005 baseline as well.

We report progress toward our carbon reduction goals (80% by 2030 and 100% by 2050) based on carbon dioxide emissions associated with the electricity serving customers. During times when we have more electricity than we need to serve our residential, business, industrial and wholesale customers, we sell electricity into wholesale markets where it is purchased by others to serve their customers. The carbon emissions from sales of excess electricity are excluded from our goal and associated carbon reporting because the energy does not serve our customers. If the purchasers of the energy follow accepted greenhouse gas reporting protocols, they will include emissions from the energy in their reporting.

Information on RECs and REC sales is provided in the [Renewable Energy](#) brief and more detailed greenhouse gas emissions reporting is in the [Data Summary](#) in Xcel Energy's Sustainability Report. We also report emissions in our [report that follows the Edison Electric Institute and American Gas Association's Environmental, Social and Governance Template](#). Customers can find carbon emissions intensities for use in their own reporting or goal tracking in our [Carbon Emission Intensities Information Sheet](#).



Energy Innovation

Rapidly evolving technology is transforming our industry, driving the transition to clean energy and delivering more sophisticated solutions for serving customers.

New and emerging technologies are foundational to fulfilling our strategic priorities. We need economical, resilient and reliable zero-carbon 24/7 power technologies, as well as advanced storage and new low-carbon fuels, to deliver on our vision of providing net-zero energy by 2050. Technology and innovation are also key to enhancing the customer experience and providing more customer-focused products and services built around evolving energy needs and preferences.

Through collaborations with researchers, technology developers, venture investors and others in our industry, we actively monitor and participate in emerging and advanced energy technologies. We have underway initiatives, pilots and demonstration projects that are advancing and testing the real-world applications of cutting-edge technologies to serve customers today. These partnerships are essential for developing technology because we can't do it alone. It takes the right resources and experience to make projects possible, especially since as a regulated energy provider, our ability to invest in research and development is limited.

We are also fostering a workplace culture of innovation that, combined with new technology, is making our operations more efficient, safer and cost effective. As powerful tools emerge to transform our work, they can improve productivity and enhance the service we provide, benefitting our customers through better service and helping keep energy bills low.

Governance

Xcel Energy's Board of Directors oversees the company's pursuit of advanced energy technologies, with the board's Finance Committee overseeing major investments, including those associated with clean energy and technology. Within the company, the chief financial officer oversees Corporate Development and the company's Innovation and Transformation Office. The chief operations officer is responsible for executing clean energy and fuels projects. Both officers report to the CEO.

Highlights

- Xcel Energy participates in the Low-Carbon Resources Initiative led by the Electric Power Research Institute (EPRI) and GTI. It's a five-year focused research and development commitment to create the pathways to advance low-carbon technologies for large-scale deployment. The goal is to create risk-informed understanding of options and technologies for enabling a clean energy future from 2030 and beyond through global partnerships and demonstrations, applied engineering developments, and technology acceleration of the most promising options.
- We belong to EPRI's Incubatenergy Labs that offers early-stage companies the opportunity to pitch their concepts to a group of leading energy providers, and if selected, prove their innovations over a 16-week period. This accelerated proof-of-concept process provides growth potential for start-up companies that are leading the advancement of electrification, decarbonization and grid modernization. Member companies benefit from exposure to vanguard technologies, with the opportunity to potentially demonstrate and scale the innovations in their operations. For 2022, as a lead sponsor, we've committed to demonstrate some of the finalist company selections alongside our peers.
- Since 2015, Xcel Energy has been a founding participant in Energy Impact Partners, a strategic clean-tech investment fund. We've committed \$120 million to multiple EIP funds that are advancing technologies and driving innovation in our industry.
- In 2021, we committed \$15 million to Energize Ventures, a leading global investment manager that is accelerating digital innovation in energy and sustainability. Energize actively partners with entrepreneurs to drive impact across four key software themes: accelerating renewable deployment, advancing electrification, enabling infrastructure resilience and powering sustainable business. Our investment is for Fund II—technologies from this portfolio of companies are estimated to have already avoided 340,000 metric tons of carbon dioxide equivalent for the year, comparable to taking almost 75,000 cars off the road.
- Xcel Energy joined MSP Equity Fund in early 2022, committing to invest \$2.5 million. This first-of-its-kind fund aims to attract venture capital expertise and investment to support Minnesota-based startups led by Black, Brown and Women founders.
- To examine future partnerships, we signed a memorandum of understanding with NuScale Power to explore the feasibility of becoming a plant operator at NuScale plants. NuScale is a leader in developing advanced small modular reactors that are considered the next generation of carbon-free nuclear energy, and Xcel Energy is a leader in nuclear operations. The agreement doesn't include a formal operating agreement, but it creates a framework for negotiating definitive agreements for our company to work with NuScale.
- The Infrastructure Investment and Jobs Act that Congress passed in 2021 significantly increases Department of Energy funding for deployment of zero-carbon 24/7 power technologies, driving much needed research and development for these priority technologies. Xcel Energy plans to submit applications for the opportunity to demonstrate technologies in our operations at a lower cost to customers through the federal funding. We've developed an internal process for evaluating and tracking technologies and moving them from evaluation to consideration and potential demonstration.
- To foster creativity and innovation, the company launched the XCELab, an incubation and innovation space for Xcel Energy project teams and employees to come together to explore new concepts, test ideas and find ways to build the future of energy.

Clean Fuels

Hydrogen and other clean fuels have quickly become promising options for meeting future energy needs as the technologies advance. We're exploring using clean fuels to produce electricity to support grid reliability as we add large amounts of wind and solar power to our systems, as well as to provide a clean alternative to natural gas for heating homes and other uses.

Not only can the fuels help achieve our environmental goals, but they also present a potential growth opportunity for the company. In early 2022, we established a new business unit to focus on the development of hydrogen and other clean fuels. We're already starting to build the business through the following projects:

- **Carbon-free Hydrogen Production Demonstration:** Engineering and sourcing are underway on a new, innovative pilot that will use electricity generated at the Prairie Island Nuclear Plant in Minnesota to produce hydrogen, beginning in early 2024. The Department of Energy awarded Xcel Energy approximately \$10 million for the \$12 million project, which will use a semi-trailer sized high-temperature steam electrolysis system and electricity and steam from the plant to produce hydrogen from water.

Because nuclear energy is carbon free, the hydrogen produced through the project will be created without carbon emissions, significantly advancing how hydrogen is produced today. Hydrogen and oxygen molecules in water will be separated using a high-temperature electrolysis process, which is a more environmentally sustainable way to produce hydrogen, compared to traditional low-temperature electrolysis methods. At full capacity, the pilot system will be able to produce about 90 kilograms of hydrogen per day. If scaled up in the future, this carbon-free hydrogen could potentially be used in numerous industries, including oil and gas, ammonia production for agriculture, and potentially transportation and power generation, many of which could benefit from efficient, local hydrogen production sources.
- **Hydrogen Blending Pilot for the Natural Gas System:** Starting in late 2023, we plan to inject up to 10% hydrogen into a subsystem of our natural gas distribution piping network. This demonstration will support the viability of introducing hydrogen as a low-carbon fuel into our gas system to help reach our net-zero vision for natural gas by 2050.
- **Renewable Natural Gas:** In Colorado, we've worked with South Platte Water Renewal Partners and the City of Boulder Water Resource Recovery Facility to interconnect renewable natural gas from wastewater treatment plants. We purchase the gas from South Platte as part of our supply, and transport the gas for City of Boulder. The projects are a first step in greening our natural gas supply and support the carbon reduction goals at these two customer facilities.

Looking ahead to new opportunities, we're working with our states and plan to apply for Department of Energy funding for hydrogen hub projects in our regions. Hydrogen hubs connect clean resources that can produce hydrogen to multiple end uses, such as power generation, industrial processes, transportation and residential gas use. We also continue working with customers interested in renewable natural gas.

Find more information about our clean energy goals and participation in research projects in the [Leading the Clean Energy Transition brief](#) in Xcel Energy's Sustainability Report.

Energy Impact Partners (EIP)

EIP is a collaborative, strategic investment platform that provides capital primarily to clean-tech companies that seek to optimize energy consumption and improve sustainable energy generation. Investments have included multiple advancements from distributed energy resources to storage, electric vehicles, advanced data analytics, cybersecurity, microgrid applications, and other clean energy technologies.

Xcel Energy first joined EIP's Fund I in 2015 as a founding participant. The collaboration originally began with about 15 utility and industrial participants and has since expanded to more than 25 participants, including European investors. EIP offers the opportunity to better understand technology's impact on our business and drive greater efficiency and innovation to meet evolving customer needs.

Several years ago, we recommitted and joined EIP's Fund II. Since then, we've expanded our participation to include other funds, including:

- **Frontier Fund:** We are co-chairs of this fund that targets investment into companies focused on eliminating carbon emissions from the power sector, including zero-carbon energy generation, clean hydrogen, energy storage, transportation electrification and carbon capture.
- **Elevate Fund:** The fund, which we also co-chair, invests in clean-tech companies founded or run by diverse leaders in targeted sectors, such as digital infrastructure, smart buildings or cities, customer engagement, mobility and electrification, supply chain, distributed energy, and cybersecurity.
- **Energy Impact Credit Fund:** The purpose of this fund is to support investment in small U.S. businesses in the emerging energy sector.

Altogether, we have invested \$120 million in EIP funds. By joining with peer companies, we gain greater visibility into the business models and technologies of promising companies and can influence emerging business models so that energy companies and third parties can collaborate and grow together.

This collaboration also allows us to share diverse, global perspectives and insights into policy and regulations, positioning our company to successfully manage new trends, rules and other requirements in the states we serve. We are gaining insights that inform our strategic decisions and how we conduct business across our organization from energy supply to distribution, customer solutions and cybersecurity.

Electric Power Research Institute (EPRI)

Through our long-time membership with EPRI, we gain insights into the challenges and opportunities associated with using advanced clean energy technologies and reducing carbon emissions. This includes EPRI's work on electric system resiliency, climate scenario analysis and greenhouse gas reduction goals, as well as renewable integration, electric vehicles, combined heat and power, customer demand response and energy efficiency.

EPRI also informs our regulators and customers on the technical and economic issues, opportunities and challenges related to new grid technologies, such as energy storage and distributed generation. In this collaborative research environment, we engage with other organizations that are testing and evaluating new technologies or products and that are developing tools and methodologies to optimize the use and analyze the effects of distributed energy resources on the power grid.

SolarTAC

The Solar Technology Acceleration Center (SolarTAC) in Aurora, Colorado, is a world-class facility for demonstrating and validating advanced solar and distribution grid technologies in a real-world, grid-connected environment. Even before the project's grand opening in 2011, Xcel Energy recognized the potential benefit of the facility and signed on as an original founding member.

Our investment has paid off for customers. Not only have we tested important battery projects at the site, but solar technologies fine-tuned at SolarTAC serve our customers in Colorado and New Mexico with more cost-effective, efficient solar energy. Through testing, solar developers were able to adjust their technology for adverse weather conditions before installing it in our service area. For 2022, we are exploring the possibility of demonstrating new long-duration battery energy storage technologies at SolarTAC. These new capabilities could provide customers with greater resiliency and reliability as more renewable energy, electric vehicles and other loads are added to the power grid.

To continue evolving with technology and developer needs, the 74-acre site has transitioned to become a testbed for solar, storage and other distributed energy enabling products and components. GridNXT at SolarTAC now supports the demonstration of advanced technologies for integrating distributed generation and storage, including microgrid capabilities at the edge or end of the electric distribution system.



Renewable Energy

We operate in regions rich in wind and solar resources and are putting those resources to work for our customers.

As a national leader in wind energy, Xcel Energy has steadily expanded its wind portfolio since 2005. We are among the first U.S. energy providers to surpass 10,000 megawatts of wind power on our system, with approximately 11,000 megawatts of capacity installed by early 2022. We continue to increase solar capacity as well. By the end of 2021, we had more than 2,700 megawatts of solar capacity through large-scale purchases and distributed solar energy systems. Under landmark clean energy plans in Colorado and Minnesota, we expect to add nearly 10,000 megawatts of renewables over the next decade in those regions.

Wind and solar power are integral to our goal of reducing carbon emissions 80% by 2030 from 2005 levels. We anticipate renewable resources will produce more than 60% of our electricity by that same year. Not only is wind and solar energy emissions free, but through cost-effective renewable projects, we can also save our customers money. We estimate that over the past five years our company-owned wind farms saved customers approximately \$1.8 billion through avoided fuel costs and renewable tax credits.

We know that some customers want more renewable energy than what is currently provided in our energy supply. This includes our business customers and communities that have set goals for up to 100% clean energy. To meet this need, we offer one of the most extensive portfolios of voluntary renewable energy programs in the industry, providing customers flexibility and multiple options that appeal to different interests.

Governance

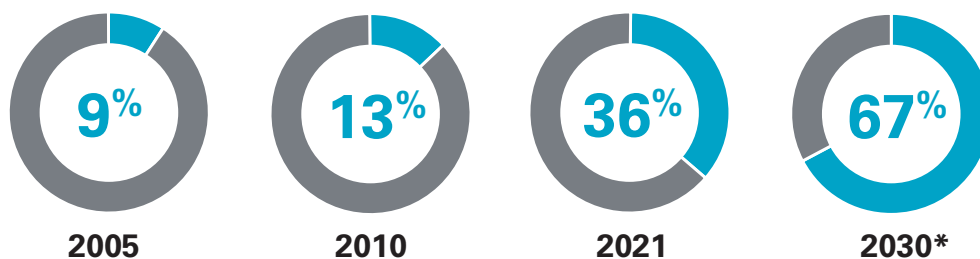
The Finance Committee of the board of directors oversees major investments, including investments in wind and solar energy projects. Within the company, the chief financial officer is responsible for developing and financing renewable projects and contracting for purchased power. The senior vice president of Energy Supply is responsible for constructing and operating the company's owned renewable projects, under oversight of the chief operations officer. Both officers report to the CEO.

Highlights

- We completed the nation's largest multi-state wind investment from 2017 to early 2022, adding more than 3,600 megawatts at new company-owned wind farms across seven states, enough clean wind energy to power nearly 1.8 million homes.
- Xcel Energy announced plans to own its first large-scale solar projects. Regulators approved the 74-megawatt Western Mustang solar array in Wisconsin, and we proposed a 460-megawatt project near the Sherco coal-fueled power plant in Becker, Minnesota, which will help replace power from Sherco when the plant is retired ahead of schedule in 2030.
- Our Upper Midwest, Southwestern and Colorado systems set multiple records for delivering wind and solar power in fall 2021 and spring 2022. In all regions, we've recorded hours where wind and solar energy produced about 90% or more of electricity serving customers and entire days when they delivered about 78% of our customers' power.
- Xcel Energy joined EVRAZ North America and Lightsource BP to dedicate the 300-megawatt Big Horn Solar project in fall 2021. We purchase energy from the Lightsource BP project to serve EVRAZ North America's campus in Pueblo, Colorado, which is now the world's only steel mill powered largely by solar energy.
- Our renewable choice programs delivered nearly 3.4 billion kilowatt hours of wind and solar energy in 2021, with more than 275,000 customers participating in the programs. This includes almost 166,000 customers enrolled in programs backed by Xcel Energy renewable resources, demonstrating high engagement and satisfaction with these options, which include Renewable*Connect®, Windsource® and Solar*Connect Community®.
- Through renewable choice programs, we have installed nearly 84,000 distributed energy systems, totaling more than 1,700 megawatts of capacity. Over half of the capacity is from community solar gardens, which continue to come online since late 2016.



Renewable energy is a vital and growing part of our energy supply.



*Results are estimated based on implementation of regional clean energy plans.

Steel for Fuel: Renewable Energy Expansion

Xcel Energy's Steel for Fuel growth strategy delivers both economic and environmental benefits for customers and other stakeholders. We are installing wind and solar energy projects—the steel—at a savings, where the capital costs of the projects are more than offset by the savings from renewable tax credits and avoided fuel costs. We operate in some of the best regions of the country for wind and solar resources, which means our projects have higher capacity factors and can produce more electricity.

Delivering on the Nation's Largest Multi-State Wind Investment

Xcel Energy announced the nation's largest multi-state wind investment in 2017. From 2017 to early 2022, we added 14 new company-owned wind farms to our system, including nine that Xcel Energy built. Combined, the projects provide more than 3,600 megawatts of new wind capacity to our system, enough to power nearly 1.8 million average homes annually. In addition to affordable clean energy, the new wind farms created approximately 3,000 construction jobs and nearly 160 permanent jobs and will result in landowner and property tax payments of nearly \$1.2 billion over the project lives. We estimate that the wind projects saved our customers \$1.8 billion through avoided fuel costs and renewable tax credits during the past five years.

Surpassing the 10,000-Megawatt Wind Capacity Milestone

Xcel Energy is one of the first energy providers in the country to reach 10,000 megawatts of wind power in our portfolio. We currently have approximately 11,000 megawatts of wind capacity, including approximately 4,400 megawatts from company-owned projects and 6,500 megawatts of purchased wind power in early 2022.

Wind Repowering Projects

As our power purchase agreements expire over the next decade, we are seeking opportunities to buy and repower older wind farms. In 2022, we expect to acquire the repowered 100-megawatt Northern Wind project in Minnesota from Allete Clean Energy.

We are also upgrading turbine components including blades at four company-owned wind farms under our plan to help fuel Minnesota's economic recovery from the COVID-19 pandemic. Upon completion of the upgrades, we expect the average annual energy output of the farms to increase approximately 20%, compared to today. The projects include:

- 200-megawatt Nobles Wind Farm (estimated completion 2022)
- 100-megawatt Grand Meadow–Ben Fowke Wind Energy Center (estimated completion 2023)
- 150-megawatt Border Winds Wind Farm (estimated completion 2025)
- 200-megawatt Pleasant Valley Wind Farm (estimated completion 2025)

The repowering projects are expected to save customers about \$160 million in energy costs over the next 25 years and create up to 700 local, union construction jobs in addition to indirect jobs provided by suppliers. They will also provide landowners and local governments more than \$9 million in annual lease and property tax payments.

Decommissioning Wind Farms

Wind farms currently have an operating life of 20 years or more, including Xcel Energy's wind farms which are expected to operate 25 years. Wind turbine components are designed to last that full lifespan. As many first-generation wind farms reach the end of their useful lives and we consider repowering opportunities, we are committed to the responsible disposal, reuse and recycling of wind turbine components associated with our projects.

Most wind turbine components are made of recyclable materials. The following is a breakdown of components:

- Nacelles, tower sections and internal gearing contain metal that can be recycled
- Concrete from foundations can be removed, ground and reused
- Oil from wind turbines can be removed and reused or recycled
- Turbine blades are made of mixed materials, including fiberglass that currently has limited recycling options—the blades are typically cut into sections and disposed in an approved landfill for regular construction waste

Technology and recycling opportunities are always changing, and we work with industry groups to explore ways to sustainably reuse currently non-recyclable materials. As new opportunities develop, we will evaluate and incorporate them into our recycling programs.

Expanding our Portfolio of Large-scale Solar Projects and Storage

Currently, all large-scale solar power on Xcel Energy's system is contracted through power purchase agreements, but that is changing as we plan to own the following projects:

- The Wisconsin Public Service Commission approved our proposal to own the 74-megawatt Mustang Solar project, which will be the largest solar array in western Wisconsin. It's expected provide enough energy to power more than 15,000 homes annually and generate nearly \$300,000 in annual shared revenue for Pierce County and the town of Gilman, as well as about \$7 million in customer bill savings over the project life.
- We have proposed a 460-megawatt solar project at the site of the coal-fueled Sherco Generating Plant in Becker Minnesota, which will help replace energy from Sherco when the plant is retired ahead of schedule in 2030. The project will be Minnesota's largest solar array, providing enough energy to power about 100,000 homes each year, and is expected to generate an estimated \$115 million in wages from nearly 900 new union construction jobs and \$240 million in local benefits over the project life. We expect regulators to make a preliminary decision on the project in third quarter 2022.

We also plan to purchase more than 750 megawatts of solar power and 275 megawatts of storage under our 2018 Colorado Energy Plan. The following projects are underway:

- Neptune Solar Project in Pueblo County (250 megawatts, plus 125-megawatts of storage)
- Thunder Wolf Solar Project in Pueblo County (200 megawatts, plus 100-megawatts of storage)
- Front Range-Midway Solar Project in El Paso County (100 megawatts, plus 50-megawatts of storage)
- Sun Mountain Solar Project in Pueblo County (200 megawatts)

Find Xcel Energy's renewable capacity by resource type and region in the [Data Summary](#) and information on our practices to responsibly develop wind and solar project in the [Wildlife and Habitat Protection brief](#) in Xcel Energy's Sustainability Report.

Renewable Choice Programs

Just as customers want more control over their energy use, they also want more choice in how their energy is produced. Our goal is to offer innovative solutions that enable our customers to meet their priorities around clean energy and the environment while balancing these options with the cost that all customers pay to support them.

We were an early adopter of voluntary green power back in 1998 with the introduction of our flagship program, Windsource. Since then, our program offerings have expanded to include options for community solar gardens, on-site solar and Renewable*Connect.

Programs Backed by Xcel Energy Renewable Resources

Through Renewable*Connect, Xcel Energy customers can choose to source their energy with up to 100% wind and solar energy. Different contract options, such as month-to-month, five-year and 10-year terms, further meet customer needs. There is no equipment to install, and customers can remain on the program if they move to a different home or business location within our service area.

Renewable*Connect exemplifies innovation. We have combined customer input with our program and regulatory experience to design the program so customers can fully retain the rights to renewable energy claims. Renewable*Connect also keeps bills low for participating customers by being self-supporting through subscription fees, so nonparticipants do not pay more.

We expanded Renewable*Connect in 2020 now offering it to customers in Michigan, and we plan to increase the size of the existing program in Minnesota in 2022. We currently purchase energy from the 50-megawatt Titan Solar facility in Colorado and from the Odell Wind Farm and North Star Solar project in Minnesota to supply the program. The popularity of Renewable*Connect continues to thrive, with program waitlists. We are working with stakeholders and regulators to further expand program availability and options in coming years. In Colorado, we have proposed to expand the Renewable*Connect concept to include natural gas and community-level participation options, and to transition Windsource into a Renewable*Connect model that includes solar resources. We expect a decision on these models in the last half of 2022.

Our Solar*Connect Community program in Wisconsin is fully subscribed. The program delivers energy to participants through three solar garden projects each located to serve customers in different parts of our service area, including Ashland, Eau Claire and La Crosse. Like Renewable*Connect, the incremental program costs are covered through subscription fees so that nonparticipating customers do not pay extra to make the program available. We also began offering this program to customers in New Mexico in 2021 with solar energy from a new resource near Clovis.

Xcel Energy now offers income-qualified customers in Colorado the opportunity to benefit from renewable energy under a unique partnership involving municipalities, community organizations and solar developers. We interconnected three solar gardens designed and built by Pivot Energy for a total capacity of 4.5 megawatts. Xcel Energy owns and operates these solar gardens that are located on the sites of two former coal-fueled power plants in Boulder and Denver. Energy Outreach Colorado, a nonprofit agency that supports consumers who struggle to afford their energy bills, serves as the subscribing agency. More than 900 income-qualified customers now participate in the program and benefit from reduced energy bills through the program subscriptions. We are currently considering program expansions to serve even more income-qualified customers.

Third-party Solar Garden Programs

Solar*Rewards Community® in Colorado was one of the first community solar gardens programs in the nation. At the end of 2021, the program had 112 megawatts of capacity from 97 solar gardens. In Minnesota, Solar*Rewards Community is among the largest community solar program in the country, with over 825 megawatts of capacity from more than 425 participating solar gardens at the end of 2021. However, the purchase rate for the Minnesota solar energy is two to four times higher than what we would pay from more cost-effective energy sources, and the program currently increases an average residential customer's bills by \$40 to \$50 a year. While we operate and support solar development in this legislated program, we also continue to engage on policies to lower the bill impacts for nonparticipating customers due to the program's cost.

Customers also continue to install more on-site solar and our popular Solar*Rewards® incentive program helps make solar more affordable. Across all states, more than 12,000 on-site solar systems were installed during 2021, adding more than 125 megawatts of additional on-site distributed solar. To reduce the impact of energy bills for customers struggling to make ends meet, we continue to offer options to install solar for income-qualified households in Colorado and Minnesota. Additionally, we launched our latest Solar*Rewards offering in Minnesota in May 2022, providing incentives to eligible schools, as well as state colleges and universities, that install solar in our service area.

We administer the country's largest third-party distributed community solar garden program in Minnesota, as well as a robust on-site solar program, and we've had great successes and some challenges connecting a large volume of projects and solar capacity to the power grid. In 2021, we began a significant investment in efforts to improve the process and outcomes. We have completed significant improvements to our application processing and technical analysis, and continue to work with all parties to make the interconnection process smooth and successful for our customers and the solar industry while maintaining grid reliability and safety.

We offer the following renewable choice programs that reflect our company's commitment to meeting the clean energy interests of customers.

Program	Description	REC Attribution	MN	WI	ND	SD	CO	NM	TX	MI
Renewable*Connect	A flexible and affordable way to subscribe for up to 100% renewable energy	Participant	✓	✓			✓			✓
Windsource	An easy, low-risk way to subscribe to clean wind energy	Participant	✓				✓	✓		
Solar*Connect Community	Subscribe to a solar garden and get full rights to the solar claims, plus a bill credit for choosing solar energy	Participant		✓				✓		
Solar*Rewards Community	Subscribe to a third-party solar garden and receive electric bill credit payments for the solar energy produced	All Customers	✓				✓	✓*		
Solar*Rewards	Install a private on-site solar system and earn an incentive for transferring the RECs to Xcel Energy	All Customers	✓				✓	✓**		
Net Metering	When customers produce wind or solar energy through on-site equipment, they can retain RECs, and sell any excess energy back to the grid	Participant	✓	✓	✓		✓	✓	✓	✓

*New Mexico community solar gardens launch fourth quarter 2022.

**New Mexico Solar*Rewards availability varies from year to year and is not currently available.

Certified Renewable Percentage

In addition to renewable choices, we now offer customers in Colorado, Minnesota and Wisconsin a Certified Renewable Percentage to let them claim the full benefit of our increasingly clean energy mix. We retire Renewable Energy Credits (RECs) to cover the entire renewable energy portion of the electricity we deliver to customers, beyond what we already retire to meet state renewable portfolio standards.

Certified Renewable Percentage is not something customers enroll in or subscribe to but is a benefit they automatically receive. This enables customers to make renewable energy claims and reflect our clean-energy mix in their sustainability accounting or reporting. For example, our commercial customers can claim the portion of renewable energy included in the Certified Renewable Percentage just by being an Xcel Energy customer.

Find the Certified Renewable Percentage by state on [xcelenergy.com](https://www.xcelenergy.com) (under energy portfolio, power generation and select the state Colorado, Minnesota or Wisconsin).

Integrating Wind and Solar Power

The significant wind and solar resources on our system fundamentally changed the way we operate. With each increase in renewable capacity, we've improved system operations and created the ability to reliably add even more wind and solar power.

Some of our operational improvements for accommodating more wind and solar energy include:

- **Improved forecasting.** We worked on a multi-year research and development project over a decade ago to improve wind forecasting with the National Center for Atmospheric Research and its affiliate company the Global Weather Corporation. From that effort, the WindWX system was developed, which uses real-time, turbine-level operating data and sophisticated algorithms to more accurately forecast wind energy. Xcel Energy and energy providers around the globe currently use the system to make better commitment and dispatch decisions.
- **Using control equipment.** We use set-point controls for wind farms in combination with automatic controls on thermal units. This enables wind farms to operate at peak levels and reduces fossil fuel generation.
- **Increasing the flexibility of our dispatchable power plant fleet.** As we have retired coal-fueled plants, we replaced some of the energy with lower carbon natural gas generation, which operates more efficiently with renewable energy. We've also negotiated more flexible agreements with natural gas suppliers that enable us to operate the system more reliably and help lower customer costs. We continue to seek out and implement projects that increase the flexibility of our remaining fleet.
- **Cycling baseload plants offline and reducing minimum generation levels.** We operate our coal and nuclear units to accommodate more wind generation, ramping the units down and even turning off coal units, which reduces fuel use and emissions.
- **Investing in transmission.** We are improving and building new transmission facilities for delivering increased wind and solar energy to customers.
- **Adjusting planned maintenance.** We now plan transmission and plant maintenance outages to navigate reliability needs and take advantage of times when wind and solar production is lowest during the year.
- **Winterizing wind turbines.** All the wind turbines that Xcel Energy owns across its three regions are outfitted with cold weather turbine packages that support operations down to -22 F (-30 C).

Larger regional power grid operators and energy markets offer additional flexibility for integrating increased levels of wind and solar power. In the Upper Midwest, Xcel Energy belongs to the Midcontinent Independent System Operator (MISO), which is a non-profit, member-based organization that operates the power grid across 15 U.S. states. Xcel Energy's operations in Texas and New Mexico participate in the Southwest Power Pool (SPP), a regional transmission organization covering the central United States.

In Colorado, Xcel Energy continues to explore participation in a larger regional energy market. We joined with other energy providers in the state in early 2022 to propose joining the Western Energy Imbalance Service (WEIS) Market, operated by SPP. An energy imbalance market is a real-time market in which energy generation from multiple power providers is dispatched at the lowest possible cost to reliably serve customer demand in the region. It's a short-term move that will provide cost savings to customers and improve operational efficiencies while providing the flexibility to continue evaluating a longer-term and broader market structure for integrating wind and solar energy and maintaining system reliability. Larger regional markets can provide renewable resource diversity and help displace thermal generation with renewable energy on neighboring systems more economically. If approved by regulators, we expect to join WEIS in April 2023.

Compliance with State Renewable Energy and Portfolio Standards

Xcel Energy is on pace to surpass established renewable energy requirements in the states it serves beyond 2030, even as state requirements continue to evolve. We constantly evaluate our overall compliance strategy with increased target requirements based on individual state legislation.

Renewable Energy Requirements in Xcel Energy States

State	2021	Next Increase	Notes
Colorado Renewable Energy Standard	30%	30% indefinitely	30% of retail sales by 2020, with 3% from distributed generation (DG), including at least 1.5% from retail net-metered DG resources and up to 1.5% from wholesale DG resources (defined as resources \leq 30 megawatts located in Colorado that are not customer sited)
Michigan Renewable Portfolio Standard	15%	—	Goal of 35% by 2025
Minnesota Renewable Portfolio Standard	30% and 1.5% Solar	10% solar goal by 2030	30% of retail sales in 2020, with at least 25% from wind, plus 1.5% of retail sales from solar, with at least 10% of that from on-site solar 40kW or less
New Mexico Renewable Portfolio Standard	20%	40% by 2025	The New Mexico Energy Transition Act increases future RPS—in addition to the immediate goals, it sets a standard of 40% by 2025, 50% by 2030, 80% by 2040, and then 100% carbon-free electricity by 2045; under the rule, the Public Regulation Commission must consider the safe and reliable operation of the system and the prevention of unreasonable costs
North Dakota Renewable and Recycled Energy Objective	—	Voluntary	No RPS Requirement for North Dakota
South Dakota Renewable, Recycled and Conserved Energy Objective	10%	Voluntary	No RPS Requirement for South Dakota
Texas Renewable Generation Requirement	Statewide RPS Goal	10,000 MW of renewable capacity statewide by 2025 (goal achieved) and non-wind goal of 500MW	Xcel Energy's final RPS is approximately 3.2% of the statewide RPS goal
Wisconsin Renewable Portfolio Standard	12.89%	—	—

Renewable Energy Credits

A renewable energy certificate or credit (REC) is created for every megawatt hour (MWh) of renewable electricity generated. RECs are the unit of compliance for state renewable energy standards as well as some voluntary buyers' sustainability goals. They also provide a mechanism to commoditize renewable energy attributes and are tracked in national REC tracking registries, which are approved by our state public utilities commissions. RECs can be disaggregated or unbundled from the underlying renewable energy.

Xcel Energy uses RECs to comply with state renewable energy standards throughout our operating company service areas. We carefully track our REC ownership and comply with the rules and best practices around renewable energy claims. Only parties that own and retire RECs can claim to use the renewable energy, according to the Federal Trade Commission. Renewable energy that is unbundled from its associated REC can retain its value to be used for compliance with environmental regulations. In reporting progress against our carbon reduction goals, our company does so based on actual carbon emissions from energy provided to our customers, independent of whether there was a REC associated with that energy.

Xcel Energy's policy is to manage its RECs to best serve its customers and to comply with renewable and carbon emissions requirements. It is also our policy to avoid regulatory penalties for customers. In some of the states we serve, regulatory penalties are applied to RECs not sold within their established shelf life. As of July 2021, we stopped initiating the sale of RECs generated from our portfolio unless it is necessary to avoid such penalties on a jurisdiction-by-jurisdiction basis or the RECs are transferred to or retained by customers as part of voluntary programs or contractual service arrangements.

RECs that accrue in excess of state renewable energy standard compliance may be transferred for a fee to Xcel Energy customers (through Xcel Energy program offerings or wholesale contracts) to help these customers achieve their voluntary and incremental sustainability goals. The company will retire RECs on behalf of these customers or require retirement of RECs post-transfer to avoid double-counting concerns. We continue to provide a residual mix carbon emission intensity by operating system that reflects RECs we have retired on behalf of or transferred to certain customers and RECs sold to avoid regulatory penalties. The residual mix carbon emission intensity also reflects energy purchased through any power purchase agreement where we do not purchase the associated REC.

We provide more detailed information on our 2021 REC sales in the [Data Summary](#) of Xcel Energy's Sustainability Report. We also provide residual mix carbon emission intensities for customers who participate in our renewable choice programs in the [2021 Carbon Dioxide Emission Intensities Information Sheet](#).



Energy Efficiency and Electric Vehicles

We offer energy solutions to meet our customers' individual needs and preferences to help them achieve their energy goals.

We began offering our customers energy-saving solutions decades ago, and today, we provide some of the longest running and most successful efficiency programs in the country. We constantly evaluate emerging technologies and program models, looking for opportunities to enhance our portfolio of energy solutions and in anticipation of evolving customer needs and interests.

Customers rely on the energy we provide for their comfort, security and convenience, but increasingly they want more control and new options for managing and using energy. We are paying attention to the market, listening to our customers and responding with new and improved solutions.

A growing number of our customers and stakeholders are interested in technologies that support the electrification of energy end uses, such as electric vehicles (EVs) and space and water heating. Of these developing technologies, EVs are primed for wide-scale adoption, having proven that they can save customers money and reduce emissions, while also enhancing operation of the power grid.

Our vision is to power zero-carbon transportation in our service area by 2050, with an interim goal of enabling one out of five vehicles to be electric by 2030. EVs that charge overnight during off-peak hours cost less than the equivalent of \$1 per gallon of gasoline and their carbon emissions are already more than 55% lower than gasoline-powered vehicles—and will continue to decline as the electricity we provide becomes cleaner.

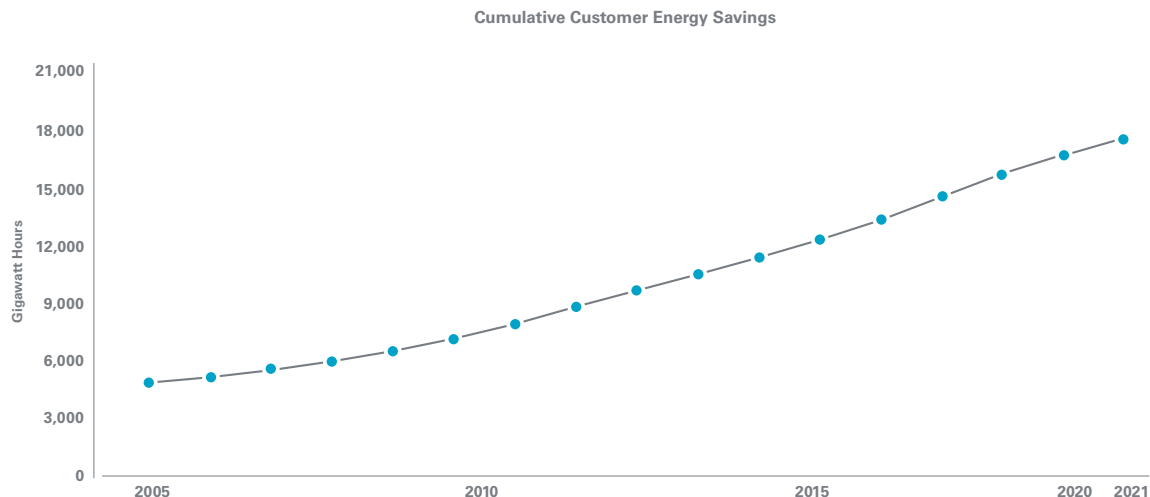
Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees the performance of our electric and natural gas operations, including customer programs. Within the company, the chief customer officer reports to the CEO and oversees the company's customer programs, as well as marketing, customer service and brand strategy.

Highlights

- Xcel Energy launched 14 new clean transportation programs in Colorado and Minnesota in 2021, and in early 2022, we launched a suite of programs for residential and commercial customers in New Mexico. Our customers can receive concierge-level support from dedicated commercial account teams and a call center team for residential customers. As one measure of success, 96% of customers participating in EV Accelerate At Home rate the program favorably.
- Our industry-leading rebate programs in Colorado make driving electric more affordable for income-qualified customers. Eligible customers can apply for special rebates to purchase or lease new EVs or pre-owned EVs. Our home wiring rebate offers income-qualified customers rebates above the standard rebate amount to cover the cost of purchasing an eligible Level 2 charger along with the wiring to upgrade to a 240-volt circuit.
- We launched Empower Resiliency in Wisconsin, providing backup generation and microgrid solutions for customers. Each behind-the-meter solution is tailored to a customer's unique needs, delivered using industry-leading vendor partners and allows customers to pay for resiliency equipment over time as part of their energy bill. Multiple military, retail, municipal and manufacturing customers are interested in the product. We're working with them and plan to expand the product offering to other states.
- As part of our net-zero vision for the natural gas business, we increased incentives for all-electric new construction in Colorado, and in early 2022, participation was already 75% higher than in 2021, representing a growing market. In addition, we introduced incentives for all-electric affordable housing, with an emphasis on stronger building envelopes and efficient heating and cooling systems to help customers manage energy costs as well.
- In 2021, we began offering Colorado customers rebates to switch their natural gas furnaces or water heaters to efficient electric heat pump technology. To prepare area contractors for the shift, we hosted heat pump webinars for residential HVAC installers, distributors and manufacturers on a variety of topics and for trade allies to help them learn heat pump-specific sales and marketing best practices.
- Our customers received more than \$148 million in rebates for completing more than 4 million energy-saving projects in 2021. Collectively, they saved more than 1,400 gigawatt hours of electricity, enough to power 176,000 homes, and over 2 million dekatherms of natural gas, enough to fuel 28,000 homes for the year. The energy savings helped avoid more than 700,000 tons of carbon emissions, equivalent to removing about 140,000 gas-powered cars from the road.
- Through special Home Energy Squad visits, conservation kits and other products and services, we offer income-qualified customers ways to save on their energy bills. In 2021, we invested more than \$15 million to help our customers in need complete more than 18,000 efficiency projects.
- We have decoupling mechanisms that cover about 45% of our company's electricity sales, helping support our financial viability as we encourage customers to use less energy. Some states provide incentives for achieving energy efficiency goals. Thanks to strong energy savings performance across our service area, Xcel Energy expects to earn \$58.5 million in incentives for the 2021 program year.
- Just as we encourage customers to use energy more efficiently in their homes and businesses, we look for ways to save energy and water in more than 150 office buildings and service centers that we own or lease. Since 2008, we've saved more than 9 million kilowatt hours of electricity, 200,000 therms of natural gas, and 4.7 million gallons of water at our locations. Plus, 15 of our facilities are LEED (Leadership in Energy and Environmental Design) certified—a U.S. Green Building Council certification program that recognizes sustainable building strategies and practices. To date, we have installed EV charging stations for personal vehicles at 38 company locations for employee use. As our company fleet converts to EVs, we installed nearly 190 charging stations for company vehicles and are scheduled to install at least 160 more in 2022.

Since we began consistently tracking results in 1992, we estimate that through our efficiency programs we have saved enough energy to avoid building 25 average-size power plants.



State-by-State Efficiency Programs and Performance

Xcel Energy's portfolio of 175 electric and natural gas conservation programs continues to experience strong customer engagement and growth. We continued to help our customers achieve significant energy savings in 2021, meeting and exceeding savings goals in several key states. The following is a summary by state of overall performance and program offerings

Minnesota

2021 Approved Savings Goals of 723,459,210 kWh and 948,653 Dth

Electric Projects	1,615,782
Natural Gas Projects	447,319
Total Spending	\$128,204,862
Electric Savings	698,405,277 kWh
Natural Gas Savings	1,170,229 Dth

In Minnesota, we offer residential programs that range from prescriptive rebates to in-home services providing energy-efficient materials and labor for installation. Consumer education is included with most of the residential programs to increase conservation awareness and encourage energy-wise choices and behavior in the home. We also offer services and products to help income-qualified customers reduce their energy use and ultimately lower their bills.

The business segment includes electricity and natural gas commercial, industrial and small business customers. We offer a variety of programs that encourage business customers to save energy, lower their energy bills, reduce peak demand and minimize environmental impacts. The portfolio has three primary components, including prescriptive products focused on common equipment, custom products to encourage savings from unique situations, and study and educational products that help customers identify energy efficiency opportunities.

North Dakota

2021 Approved Savings Goal of 12,272 Dth

Electric Projects	178
Natural Gas Projects	1,791
Total Spending	\$222,060
Electric Savings	35,684 kWh
Natural Gas Savings	19,166 Dth

We provide savings opportunities for North Dakota business customers through load management programs, as well as residential natural gas rebate programs and home energy audits.

South Dakota

2021 Approved Savings Goals of 8,364,757 kWh

Electric Projects	12,885
Total Spending	\$898,686
Electric Savings	10,079,188 kWh

Our energy efficiency portfolio for South Dakota customers is a mix of electric programs designed to encourage both residential and business customers to save energy and lower their energy bills in a variety of ways. We offer programs for lighting, load management and educational outreach for business and residential customers and continue to work with trade partners to promote our programs.

Wisconsin

Total Spending	\$11,956,389
Electric Savings	72,297,998 kWh
Natural Gas Savings	125,702 Dth

In Wisconsin, Xcel Energy participates in a statewide program called Focus on Energy that provides incentives to eligible residents and businesses for installing cost-effective energy efficiency and renewable energy projects. We retain a portion of the approved annual funding for our voluntary customer programs and to promote the Focus on Energy programs. We also use the funds for general conservation activities, advertising and energy efficiency education for residential customers, commercial customers and trade allies in our service territory.

Michigan

Electric Projects	5,280
Natural Gas Projects	152
Total Spending	\$510,902
Electric Savings	2,240,384 kWh
Natural Gas Savings	8,326 Dth

We participate in a statewide program in Michigan called Efficiency United that educates residential and commercial customers about energy efficiency and offers cost-effective solutions and rebates for reducing energy use.

Colorado

2021 Approved Savings Goals of 500,000,000 kWh and 802,795 Dth

Electric Projects	887,677
Natural Gas Projects	414,494
Total Spending	\$109,790,765
Electric Savings	584,998,183 kWh
Natural Gas Savings	812,605 Dth

Our Colorado residential energy efficiency programs focus on cost-effective, direct impact products that target household appliances, HVAC and lighting. This effort is supplemented with educational services intended to further increase customer understanding and interest in conservation and energy efficiency. We also offer income-qualified customers products to analyze natural gas and electric consumption, and provide products, services and education designed to help lower energy bills.

Our business program—for commercial and industrial customers of all sizes—offers a broad portfolio of demand side management products designed to meet the needs of this varied segment. The portfolio has three primary components, including prescriptive products focused on common equipment, custom products to encourage savings from unique situations, and study and educational products that help customers identify energy efficiency opportunities.

New Mexico

2021 Approved Savings Goal of 40,134,737 kWh

Electric Projects	356,111
Total Spending	\$11,667,970
Electric Savings	50,209,534 kWh

We offer a broad portfolio of programs to meet the needs of business, residential and income-qualified customers in our eastern New Mexico service territory.

Texas

2021 Approved Savings Goal of 10,559,329 kWh

Electric Projects	271,107
Total Spending	\$3,939,481
Electric Savings	27,584,289 kWh

We offer our Texas customers energy efficiency programs through Standard Offer Programs and third-party Market Transformation programs. These programs are provided to residential, income-qualified, commercial and industrial customers.

Electric Vehicles

Xcel Energy sees significant electric vehicle (EV) growth on the horizon, with major car manufacturers such as Ford, General Motors and Volkswagen significantly investing in electric transportation over the next eight years. We are at the leading edge of that trend, with plans that expand our clean energy leadership to the transportation sector, drive electric sales growth and help keep bills low for customers. Our vision is to power zero-carbon transportation in our service area by 2050, with an interim goal of enabling one out of five vehicles to be electric by 2030.

From a regulatory and policy perspective, our company made significant strides in 2021, receiving final written approval for comprehensive, inaugural EV plans in both Colorado and New Mexico. The plans focus on residential and business customers as well as our communities, while also embracing tools to bring the benefits of electric vehicles to all customers.

Through our transportation electrification strategy, we are focused on addressing key customer barriers and facilitating EV adoption in three primary ways, all with a strong emphasis on intuitive solutions:

- Improving customer understanding of EV options and the benefits of driving electric, through education and advisory services
- Providing rebates and other programs to lower up-front costs
- Offering incentives to charge at the best times for the power grid, which lowers costs for EV drivers and all customers by matching EV charging to times when low-cost, low-carbon energy is more available

EVs offer significant economic and environmental benefits. By 2030, under our aggressive vision, we expect our EV driving customers to collectively save \$1 billion annually, while all our customers will benefit from eliminating 5 million tons of carbon emissions annually by the same year.

We continue to develop and roll out a portfolio of innovative pilots and programs that benefit drivers, customers and the environment. The initiatives focus in three main areas:

- Residential programs, including programs for customers who reside in multifamily buildings
- Commercial and industrial programs, including fleets and workplace charging
- Public charging, including transportation corridors

Home Charging

To support EV education and awareness, we built the first of its kind interactive EV garage to offer customers hands-on experiences with EVs and home charging equipment at events. We continue to enhance our digital tools and educational website to help customers discover vehicle and charging options, as well as incentives and rebates. We've also built an extensive dealer network with more than 50 partners within our service area and are reaching potential buyers through Xcel Energy EV educational kiosks placed at car dealerships. The kiosks offer digital tools, a hands-on experience with Level 2 chargers, and the ability for customers to sign up for a home charging program.

A new dedicated customer care team was created to tailor service for our new EV customers. The team helps customers find local EV dealers, directs them to tools to understand savings options and lines them up with hassle-free installation of a home charger by one of our certified program electricians through Xcel Energy's EV Accelerate At Home program.

Under EV Accelerate At Home, customers can work with Xcel Energy to have a Level 2 charger installed in their homes, with the option of a low monthly fee if they wish to rent the charger from us. They can charge their EVs overnight at home using off-peak rates for the equivalent of about \$1 per gallon of gas. In addition, we have been testing a subscription payment model in Minnesota through a pilot program that provides customers with a Level 2 charger and unlimited charging on nights and weekends for a flat monthly price. In Colorado, the Optimize Your Charge program provides incentives for residential customers to charge EVs at times when it is beneficial for the power grid, rather than during peak demand hours. The EV Accelerate At Home charging installation service and rebates for home wiring became available to Colorado customers in late 2021. The program also launched in New Mexico in 2022 and has been available to Wisconsin and Minnesota customers since late 2020.

Public Charging

Our public charging programs seek to leverage public and private funds to increase the availability of fast-charging stations on highways and other major corridors. In Minnesota, we are partnering with the cities of Minneapolis and St. Paul and the nonprofit Hourcar—a local, independent, nonprofit car-sharing service—to build 70 curbside charging hubs across the metro area to support increased access and use of electric vehicles. Overall, our company is planning on investing more than \$30 million in public charging infrastructure across several states to provide more charging options for longer trips.

As part of our approved Colorado Transportation Electrification Plan, our planned public charging program will develop a network of public fast chargers to support drivers who cannot charge at home or who are traveling between communities. We also have approval to own and operate a limited number of accessible fast charging stations to address gaps in the public charging network.

Through partnerships with cities and municipalities, we are further expanding public charging in Colorado through community charging hubs. The charging hubs will make use of public rights of way and will be designed to support access to electric transportation, including ride sharing services and other shared mobility such as e-bikes and scooters.

As part of our in-market Commercial EV Service Program, we provide commercial customers in Wisconsin a convenient, affordable way to support infrastructure and charging stations needed to charge electric vehicle fleets and transit vehicles, and workplace or visitor charging.

Fleet Operations

Our dedicated EV Advisor team helps commercial customers and municipalities find programs that best suit their needs and helps them evaluate the cost to transition all or part of their fleet of vehicles from gas to electric. By offering analytics and advisory services, the advisors can help fleet operators determine what vehicles to replace with EVs and the feasibility of electrifying their specific fleet vehicles. Advisors also help in assessing and planning charging locations and provide tools for charging optimization. Our advisory services use real-world data from a customer's current fleet operations to help build a full electrification plan, including EV procurement and infrastructure charging needs and advice on rate plans, pilots and programs, and operation costs. In 2021, we expanded our vehicle assessments to include all classes of vehicles to support medium- and heavy-duty fleets.

In addition to advisory services, we are making it easier and more affordable for large fleet operators like Metro Transit, the Minnesota Department of Administration and the city of Minneapolis to integrate EVs into their fleets through our EV Supply Infrastructure Programs. Our programs provide the installation and maintenance of the make-ready infrastructure to help reduce the upfront costs for customers. We provided the electric infrastructure needed to charge the first eight Metro Transit electric buses and additional infrastructure for the City of Minneapolis. In addition to providing charging infrastructure for the state of Minnesota and other customers in the state, we are providing the EV supply infrastructure for fleet customers like the state of Colorado and Aurora Public Schools in the Denver metro area. This infrastructure program aims to benefit communities by stimulating innovation, improving air quality and providing educational opportunities.

Electric Vehicles and the Environment

Studies show that emissions over the lifetime of an EV are substantially lower than a gasoline powered vehicle. While emissions may be higher for manufacturing EVs, the emissions associated with driving an EV are so much less than a gasoline vehicle that the life-cycle emissions are substantially lower. This will only improve as electricity becomes increasingly cleaner. For example, an electric vehicle powered with Xcel Energy electricity in 2021 was more than 55% cleaner than a conventional gasoline-powered vehicle and is expected to be at least 80% cleaner by 2030 under our plans for reducing carbon emissions.

As more EVs hit the road, manufacturers are intent on addressing the life cycle and disposal of batteries. Federal regulations require that an EV's battery be covered by the auto manufacturer for at least eight years or 100,000 miles. Some automakers offer longer warranties, and recent estimates predict that an EV battery will last 10 to 20 years before needing to be replaced. In some cases, an EV battery can be repaired instead of needing to be replaced.

Used EV batteries often have a second life because once they can no longer power vehicles, they usually still have enough energy for other uses, such as backup power storage for buildings, telecommunications backup services and other applications. Eventually, batteries will need to be recycled or disposed. Battery recycling is improving and is something the industry is eagerly pursuing because it reduces the need for extracting, refining and transporting new minerals and other materials. Companies are emerging that focus on a closed-loop supply chain for EVs, where all the used materials are returned and used for production.

Find more information about our environmental leadership in the [Leading the Clean Energy Transition brief](#) in Xcel Energy's Sustainability Report.



Environmental Management and Compliance

We have a comprehensive management system that promotes continuous improvement and helps us fulfill our environmental responsibilities.

For our customers and local communities protecting the air, water and land is a priority. They expect us to act responsibly as careful stewards of the environment while delivering reliable, affordable electricity and natural gas.

That is our expectation too. Through our daily operations and initiatives, we aim to go beyond regulatory compliance and further minimize our environmental footprint. To manage the impact and risk of our operations, we have a well-established corporate policy and environmental management system that guide us.

Over the years, our company has built a reputation as an environmental leader, something we never take for granted. We earn public trust and confidence through a strong record of compliance, focus on clean energy and collaboration in solving state and regional issues.

Governance

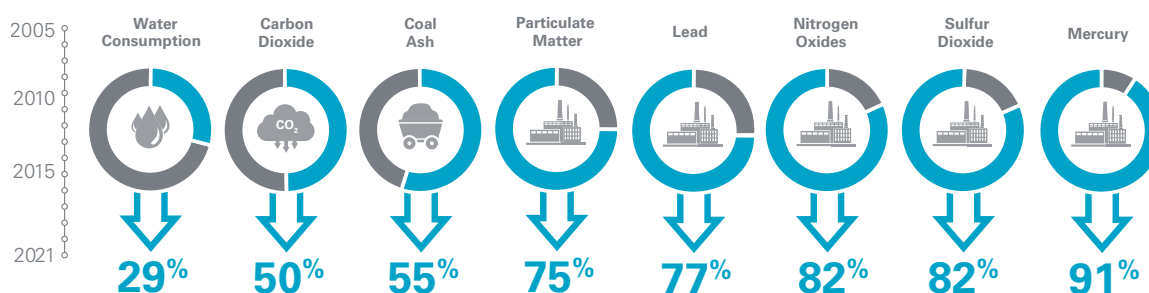
The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all operational aspects, which includes annually reviewing the company's environmental strategy, compliance performance and initiatives. Within the company, the chief operations officer is responsible for environmental performance, compliance and reporting, and the chief sustainability officer is responsible for environmental strategy and policy. Both report to the CEO and belong to the executive committee.

Highlights

- We audited more than 80 Xcel Energy facilities in 2021 to monitor the performance of our facilities against internal environmental policies and standards, as well as federal, state and local requirements.
- As an energy provider, we are integral to the communities we serve and are positioned to further environmental justice in those communities. We released an **Environmental Justice Position Statement** in early 2022 that describes our ongoing approach and commitments to furthering environmental justice.
- The Colorado Department of Public Health and Environment selected Xcel Energy as a Gold Leader in its Environmental Leadership Program for the third consecutive year, recognizing the company for its comprehensive Environmental Management System, clean energy leadership and overall environmental stewardship.
- Xcel Energy was inducted into the Climate Leadership Award's Hall of Fame by the Center for Climate and Energy Solutions and The Climate Registry. The recognition honors the multiple Climate Leadership Awards our company has received, including an award for Excellence in Greenhouse Gas Management in 2016 and Organizational Leadership in 2020.



We have significantly reduced the environmental impact of our operations since 2005.



Reductions in carbon dioxide emissions and water consumption are from owned and purchased electricity that serves our customers. All other reductions are from owned generating plants.

Environmental Policy

Xcel Energy's **environmental policy** lays the foundation for the company's commitment and approach to minimizing its environmental impact. It covers all environmental media, including air, water, land, waste and biodiversity, and sets expectations that align business practices with our commitment.

Through our corporate strategy and daily operations, we aim to achieve environmental excellence and seek to demonstrate leadership by doing what is right and advancing initiatives that benefit the environment. We also balance our environmental commitment with our obligation to provide customers reliable, affordable energy.

In making decisions, we consider opportunities to reduce emissions, eliminate waste and conserve or protect resources, such as water and wildlife. We also monitor our operations, and if appropriate, make improvements that further environmental excellence. Often, we participate in environmental research and stewardship projects or partnerships in our communities.

We have more than 40 policies, procedures and guidance documents that support our ongoing environmental performance and foster environmental excellence. All Xcel Energy employees, as well as contractors and vendors, are expected to follow these policies, and our employees are trained and empowered to take responsibility for protecting the environment while performing their jobs.

Find information on how we fulfill the policy through environmental goals and initiatives in the **Leading the Clean Energy Transition, Reducing Local Emissions, Managing Water Use, Preventing and Managing Waste**, and **Wildlife and Habitat Protection** briefs in Xcel Energy's Sustainability Report.

Environmental Management System

We have a comprehensive environmental management system designed to promote environmental excellence, continuous improvement and compliance with applicable environmental requirements. Although we have not pursued formal certification under ISO 14001, our environmental management system incorporates the same nine elements of the ISO 14001 standard: policies, responsibilities, environmental interaction, impacts, compliance, objectives and targets, monitoring and measurement, performance review and continuous improvement.

Our management system provides:	
Oversight	<ul style="list-style-type: none"> • Board of Directors—Operations, Nuclear, Environmental and Safety Committee • Chairman, President and CEO • Executive Committee • Environmental Policy department • Environmental Services department
Risk analysis	<ul style="list-style-type: none"> • Goals and performance indicators at corporate and operating levels • Multidisciplinary teams for developing new compliance programs • Environmental audit program • Regular risk assessments
Policies & procedures	<ul style="list-style-type: none"> • Corporate environmental policy • Formal, documented processes, procedures and standards • Routine monitoring of new, evolving regulatory activity
Monitoring	<ul style="list-style-type: none"> • Centralized and automated compliance tracking system that uses real-time data • Monthly performance reporting • Routine facility audits
Follow-up for compliance gaps	<ul style="list-style-type: none"> • Tracking for corrective action and internal audit findings • Event learning assessments • Sharing lessons learned and fleet best management practices
Training and communication	<ul style="list-style-type: none"> • New employee orientation • Site and topic specific employee training and tracking • Updates and information communicated through internal channels • Human performance policy and action

Environmental Expenditures

Environmental costs include payments for nuclear plant decommissioning, storage and ultimate disposal of spent nuclear fuel, disposal of hazardous materials and waste, remediation of contaminated sites and monitoring of discharges to the environment. As we have reduced emissions through the addition of environmental controls, the total costs of investing in and operating the controls has risen somewhat over time.

Environmental Expenditures			
	2019	2020	2021
Operating and Maintenance	\$345	\$400	\$365
Capital	\$30	\$30	\$65

More detailed information regarding nuclear decommissioning and spent nuclear fuel disposal expenses is provided in our [2021 SEC Form 10-K](#). environmental interaction, impacts, compliance, objectives and targets, monitoring and measurement, performance review and continuous improvement.

Compliance Results

We strive to comply with all applicable federal, state and local rules and regulations. However, there are occasions when regulatory agencies issue notices of violation (NOVs) or other types of notifications of potential noncompliance for alleged exceedances of permit limits or regulatory requirements. These NOVs can result in fines or penalties. Often there can be disputes about the alleged noncompliance, and even when it is our view that we remained in compliance, settlements are reached to avoid the transaction costs of litigation and to cooperate with the regulatory agency.

2021 Compliance Activity*			
	2019	2020	2021
Notices of Violation or Compliance Advisories	4	4	1
Penalties Paid	\$3,035	\$41,800	\$0
External Agency Audits or Inspections**	64	41	42
Internal Audits Conducted to Ensure Compliance	89	69	81

Every year as part of our internal and ongoing efforts to self-identify and self-correct any potential noncompliance issues, we conduct our own facility audits.

*Because of the regulatory process and timing, penalties are not typically paid in the same year that notices of violation or compliance advisories are issued.

**External agency audits and inspections were lower in 2020 and 2021 compared to previous years because of challenges the COVID-19 pandemic created.

We received the following compliance orders, advisories or NOVs involving activities at our facilities over the past year:

- The Colorado Department of Public Health and Environment issued a compliance advisory to Hayden Station for failure to collect water samples for analysis of di(2-ethylhexyl) phthalate in the plant potable water system during the period of April 1 to June 30, 2021. The facility implemented additional operational checks to prevent recurrence, and there was no enforcement action or civil penalties associated with this advisory.
- We finalized a compliance agreement with EPA in spring 2022 associated with implementation of the Coal Combustion Residuals Rule at Comanche Generating Station in Pueblo, Colorado. Find information on the agreement in the [Preventing and Managing Waste brief](#) in Xcel Energy's Sustainability Report.



Reducing Local Emissions

Through our clean energy leadership, we improve air quality and contribute to a better environment for the people and communities we serve.

Xcel Energy's clean energy journey began decades ago when we started engaging with environmental agencies and other stakeholders to help address state and regional air quality issues in the places we serve. Power plants, along with manufacturing and other industries, play a role in air quality as do transportation and population growth.

For over half a century, we have operated coal-fueled power plants that provide customers with low-cost, reliable electricity. We were among the first to install state-of-the-art emissions controls on the plants and then began early retiring or converting them to natural gas. Our comprehensive clean air projects served as national models for how power providers could support state and local air quality plans, while maintaining reliable, affordable power for customers.

Today, our plans go much further and set the path for serving our customers with unprecedented amounts of wind and solar energy and retiring our coal operations by 2034. Because the energy we deliver now, and in the future, is significantly cleaner, that power can do even more. By encouraging the use of clean electricity in applications, such as transportation, we support cleaner air and a better environment by reducing emissions in other sectors of the economy.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all operational aspects, which involves annually reviewing the company's environmental strategy, compliance performance and initiatives, including emissions reductions. Within Xcel Energy, the senior vice president of Energy Supply is responsible for the company's air emissions strategy and compliance, under oversight of the chief operations officer who reports to the CEO.

Highlights

- From 2005 through 2021, we reduced carbon emissions 50% and remain on track to achieve our interim goal of reducing carbon emissions 80% by 2030 from 2005 levels. Learn more about our vision to become a net-zero provider of all the energy our customers use—electricity, heating and transportation—in the [Leading the Clean Energy Transition brief](#) in Xcel Energy's Sustainability Report.
- Company-wide we continued to decrease emissions compared to 2005 including sulfur dioxide and nitrogen oxides by 82%, mercury by 91%, lead by 77%, and particulate matter by 75%.
- In our latest reporting under the EPA's Toxics Release Inventory program, we reduced releases more than 50% from 2005 levels because we generated less electricity with coal during the reporting period. In a typical year, our TRI releases are approximately 35% lower compared to 2005.
- In addition to reducing carbon emissions, our goal to power 1.5 million electric vehicles is expected to help improve ground-level ozone in our states by reducing nitrogen oxide emissions by almost 1,500 tons and fine particulate matter by more than 270 tons annually by 2030.
- Our company fleet includes 130 electric sedans—a more than 40% increase compared to 2020 as we replace existing vehicles. We estimate the fleet avoided more than 27 tons of carbon emissions in 2021, as well as other tailpipe emissions.
- Through our new hybrid flexible work program, eligible employees have the option of working on-site part of their work schedules and telecommuting the rest, reducing trips to and from work. Xcel Energy also offers discounted mass transit passes for employees at our two largest employee locations. Both programs support local community goals to improve air quality and reduce carbon emissions.



Environmental Justice

Environmental justice is the engagement, fair treatment and meaningful involvement of all people regardless of race, color, national origin or income in the development and implementation of energy, climate and environmental initiatives, according to the federal government.

As an energy provider, we provide an integral service to our communities and are positioned to further environmental justice in those communities. Our company is committed to providing meaningful opportunities for all people to participate in the energy decisions that impact them.

We live this commitment by:

- Encouraging inclusion and community partnerships
- Leading the clean energy transition and reducing environmental impact
- Managing energy affordability and reliability, which are vital to customer safety, security and well-being

Xcel Energy's **Position Statement on Environmental Justice** describes how our company will consider environmental justice in our energy, climate and environmental initiatives and how we strive to provide meaningful opportunities for affected communities to participate in the process of considering energy, climate and environmental initiatives that impact them.

Find information on our public outreach and involvement practices for planning and locating energy facilities in the **Community Relations and Economic Development brief** in Xcel Energy's Sustainability Report.

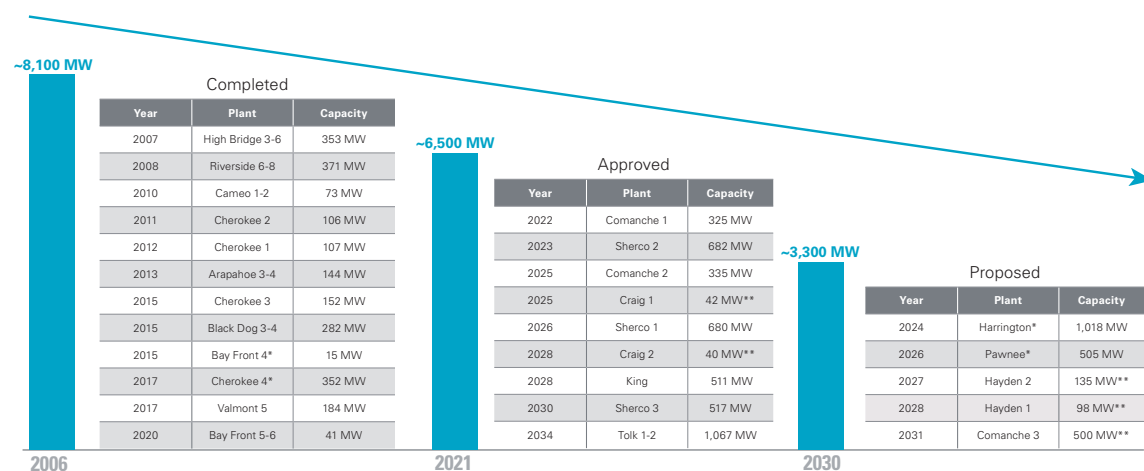
Our Clean Energy Transition: Local Environmental and Community Benefits

Transitioning from Coal-Fueled Electricity

Xcel Energy's predecessor companies began building coal-fueled power plants in the 1900s to provide electricity to growing communities. In the early days, the plants were considered engineering marvels and significantly improved people's lives, powering all kinds of modern conveniences, from electric washing machines to toasters. They were located close to customers in downtown and urban areas or near critical infrastructure, like railroads and rivers or other water resources.

In the 1980s, we started installing new emissions controls on the plants, and by the early 2000s, we engaged with environmental agencies, utility regulators and stakeholders to advance comprehensive plans for significantly reducing emissions by early retiring or repowering coal-fueled plants with natural gas. Under the Minnesota Metro Emissions Reduction Project completed in 2009, we repowered two of our oldest coal plants in the Twin Cities to natural gas. We also retired two coal plants in Colorado and repowered a third coal plant to natural gas under our Clean Air Clean Jobs Plan completed in 2017.

Xcel Energy has plans to retire or repower all remaining coal-fueled plants, ahead of their scheduled retirement dates.



*Conversion from coal to natural gas

**Based on Xcel Energy's ownership interest

Early coal plant retirements produce significant environmental benefits for communities, especially for residents living near the plants. We are lowering or eliminating air emissions, reducing carbon dioxide emissions and cutting waste and water consumption from the facilities.

Some of the coal-fueled plants Xcel Energy has early retired or converted to natural gas were in or near neighborhoods with a higher index for environmental justice, as determined by [EPA's environmental mapping and screening tool](#) that provides consistent environmental and demographic information for communities across the country. We have reduced the emissions and waste produced from the plants in those communities as shown in the table below.

Community Emissions Reductions from Xcel Energy Power Plants (from 2005 levels)				
Sulfur Dioxide	Nitrogen Oxides	Mercury	Particulate Matter	Coal Ash
Arapahoe Station: South Denver				
100%	100%	100%	100%	100%
Cherokee Station: North Washington Neighborhood in Denver				
100%	95%	100%	77%	100%
Riverside Station: Marshall Terrace Neighborhood in Minneapolis				
100%	99%	100%	99%	100%
High Bridge Station: West Seventh Neighborhood in St. Paul				
100%	99%	100%	99%	100%

Pueblo, Colorado, is another community with a higher demographic index according to EPA. When Comanche Units 1 and 2 shut down in 2022 and 2025, we expect to achieve the following emissions reductions compared to 2021 levels: sulfur dioxide 51%, nitrogen oxides 69%, mercury 39%, particulate matter 42% and coal ash 46%. Under our Colorado Clean Energy Plan, the last unit at the Comanche Plant is proposed to retire no later than Jan. 1, 2031.

Retiring coal-fueled plants can also have economic impacts for host communities and workers. To help ease this transition, we provide advance notice of closures and work closely with our employees and communities to help them prepare for and manage the change.

Find Xcel Energy's [Position Statement on Transitioning Out of Coal Responsibly](#) and learn more about our current efforts to manage the transition for communities and workers in the [Community Relations and Economic Development brief](#) in Xcel Energy's Sustainability Report.

Natural Gas-Fueled Generation

We are steadily shifting how we produce power for customers, adding unprecedented amounts of variable wind and solar power to our system. To take full advantage of times when the sun shines or wind blows, we are ramping up or down coal-fueled and nuclear generating plants. We also have invested in highly flexible natural gas-fueled generation, which is the most efficient energy source currently available for backing up our growing renewable portfolio and balancing the system with significantly fewer emissions.

Natural gas plants can be quickly dispatched. Plus, they have less than half the carbon emissions compared to coal and emit five times less nitrogen oxides and virtually no sulfur dioxide, mercury or particulate matter. Additionally, many of our gas plants are equipped with state of the art controls to further reduce nitrogen oxides using Selective Catalytic Reduction (SCR), low NOx burners and Separated Over Fired Air (SOFA). These various controls can be used independently or in sequence to greatly reduce nitrogen oxides by 90% or more.

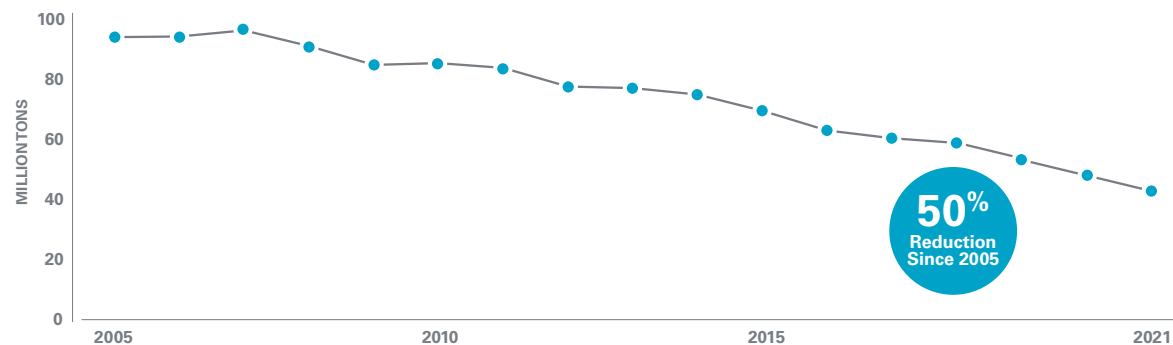
As we invest in natural gas-fueled generation, we are doing so in ways that provide flexibility for the future. For example, in the Upper Midwest, we modified a proposal to use smaller natural gas facilities in separate locations throughout the region to maintain power grid reliability and stability, rather than one large, new natural gas-fueled plant. We also plan to install new combustion turbines that are hydrogen ready, looking ahead to when hydrogen fuel is available.

Learn about our renewable energy portfolio in the [Renewable Energy brief](#) and our clean energy strategy in the [Leading the Clean Energy Transition brief](#) in Xcel Energy's Sustainability Report.

Air Emissions Reporting

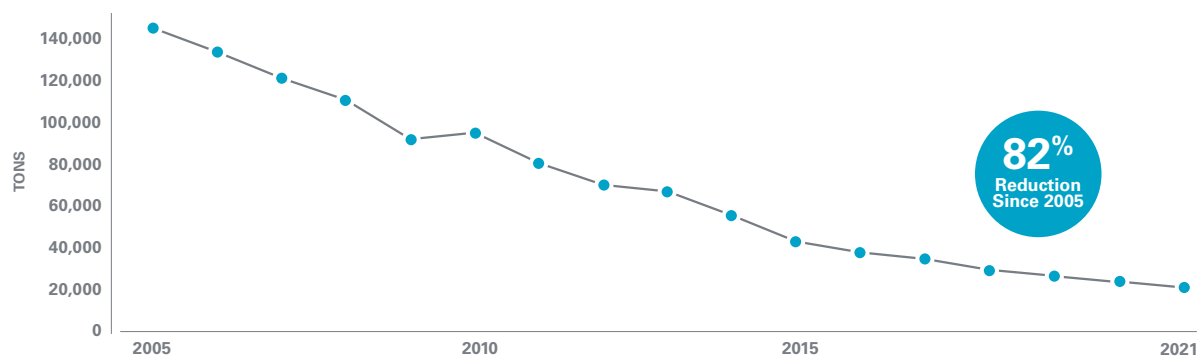
The following graphs show our progress reducing emissions since 2005. We provide additional emissions reporting for Xcel Energy and each of its operating systems in the [Data Summary](#) for Xcel Energy's Sustainability Report.

Carbon Dioxide from Electricity Serving Customers (Owned and Purchased Generation)

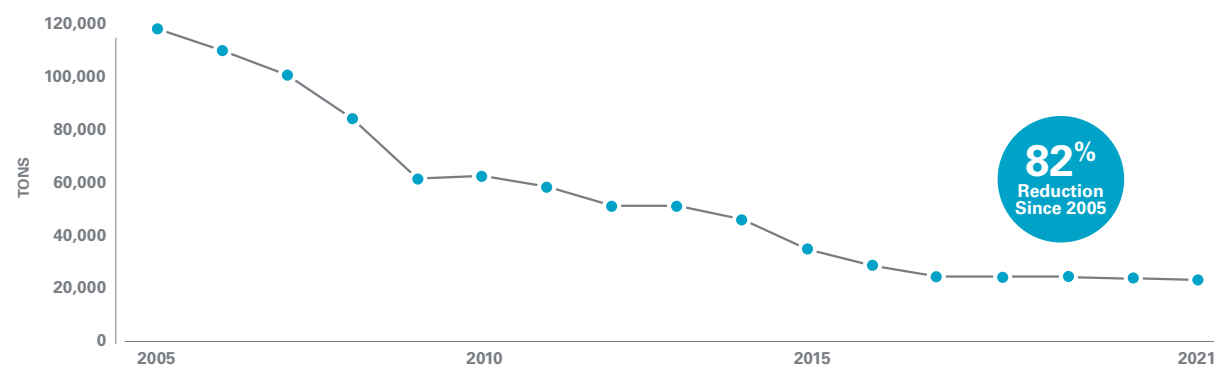


We report on our clean energy transition and vision to deliver 100% carbon-free electricity by 2050 in the [Leading the Clean Energy Transition brief](#) in Xcel Energy's Sustainability Report.

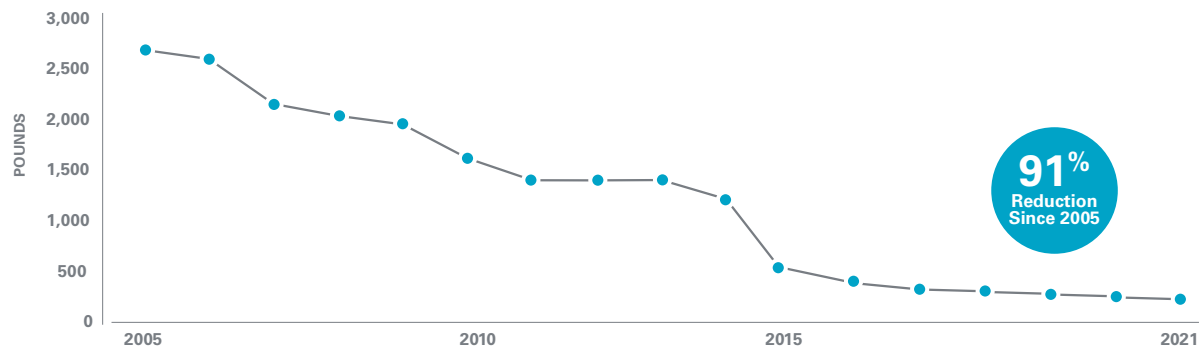
Sulfur Dioxide from Electricity Serving Customers (Owned Generation)



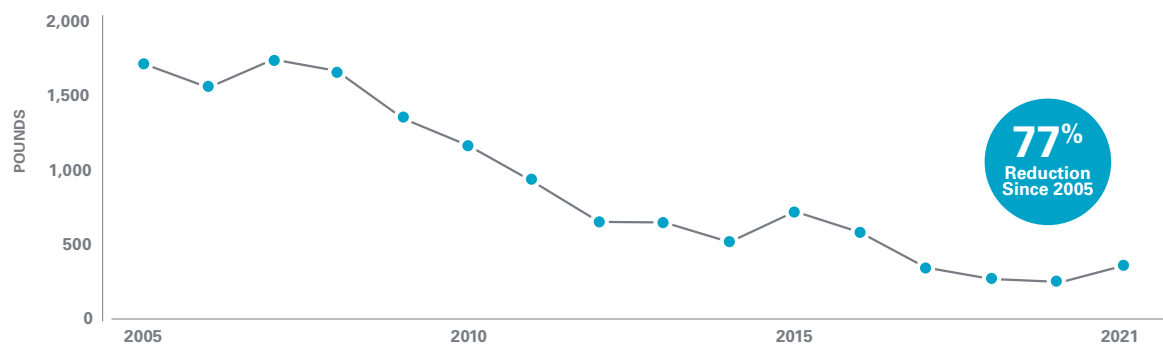
Nitrogen Oxides from Electricity Serving Customers (Owned Generation)



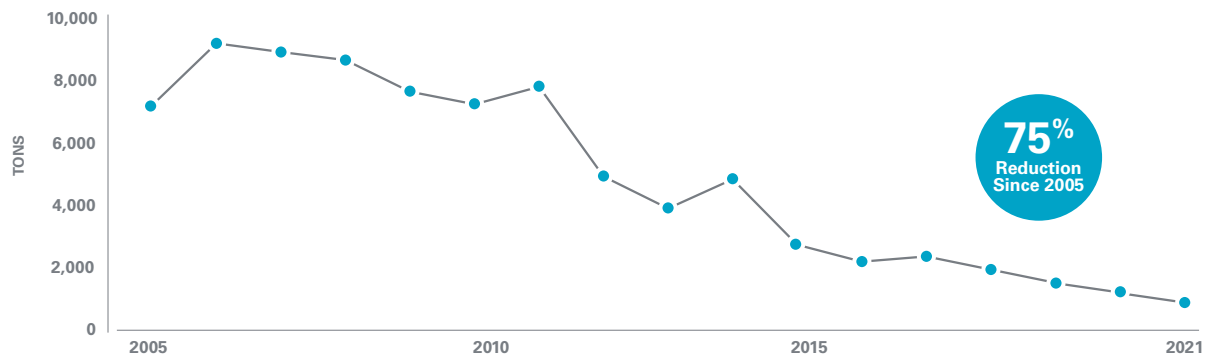
Mercury from Electricity Serving Customers (Owned Generation)



Lead from Electricity Serving Customers (Owned Generation)



Particulate Matter from Electricity Serving Customers (Owned Generation)



Community Right to Know and the Toxics Release Inventory Program

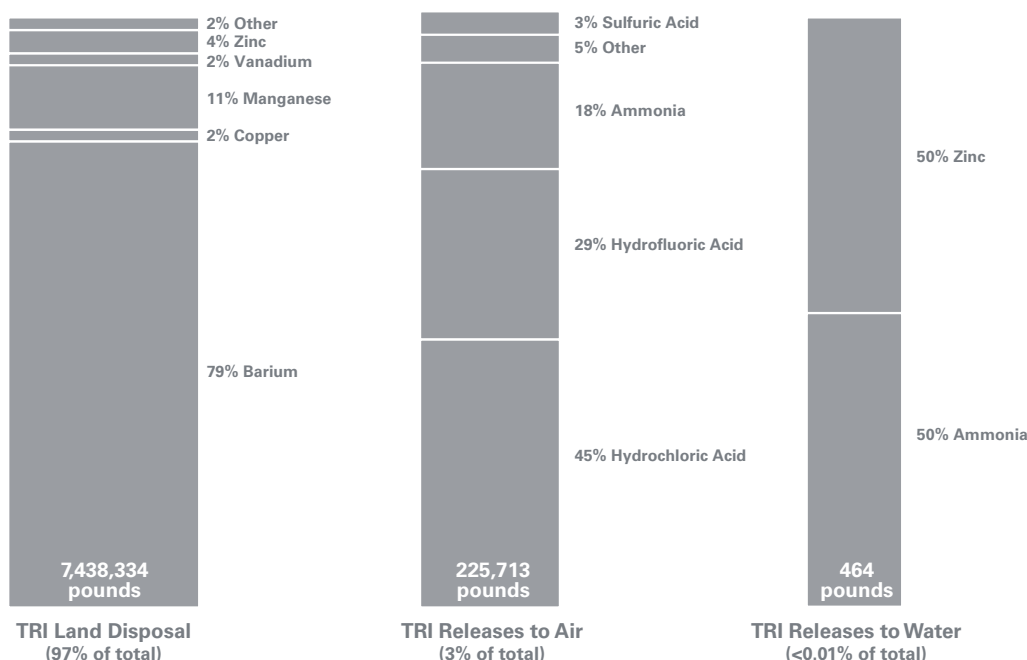
The EPA has administered the Emergency Planning and Community-Right-to-Know Act (EPCRA) since 1986. The program is intended to help communities protect residents from potential chemical hazards. Under EPCRA, residents have the "right to know" about chemicals in their communities. Each year, facilities in specific industries that manufacture, process or use the nearly 650 substances identified under the program must report their releases to air, land and water. The EPA manages the information in a publicly available database under the Toxics Release Inventory (TRI) program.

Xcel Energy supports this type of reporting and has participated since 1999 when the program was expanded to include electric utilities. We annually report our releases to EPA, which are the result of using coal, oil and refuse-derived fuel (processed municipal solid waste) to produce electricity. When these fuels are combusted, they release trace amounts of TRI reportable substances, including barium, chromium, copper, lead, manganese, mercury, nickel and zinc.

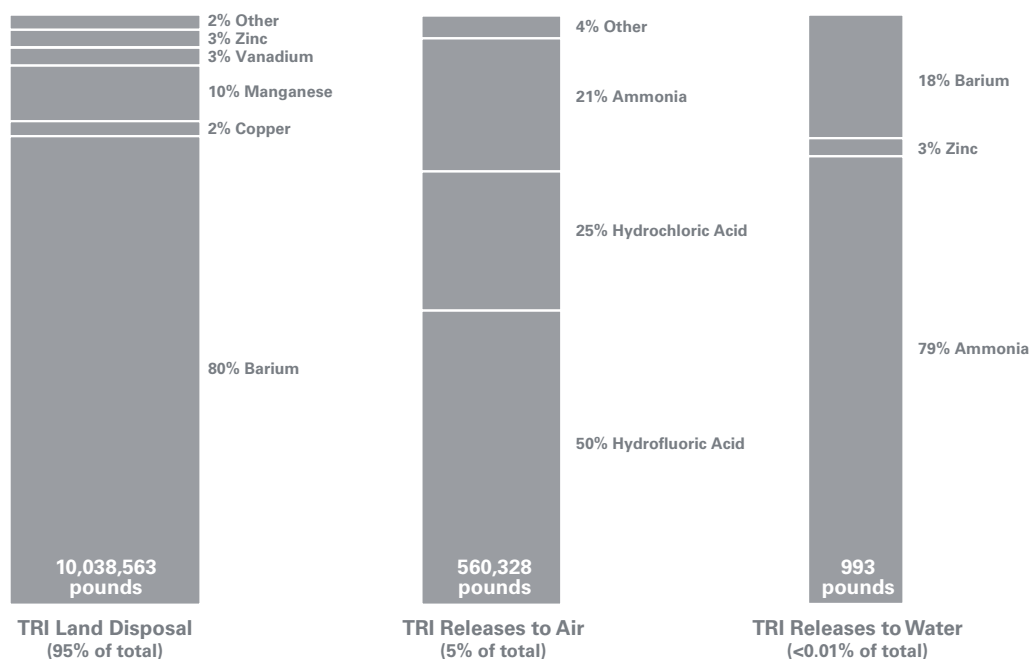
TRI reportable substances are reported by facility and release type—land, air and water. A facility's releases may change slightly from year to year based on the amount of electricity produced and the associated fuel that is consumed, as well as the fuel composition and mineralogy.

Most of our TRI reportable substances are controlled at our facilities as part of the coal ash where they are contained, preventing them from entering the air. We capture about 95% of these substances and safely dispose of them in managed landfills.

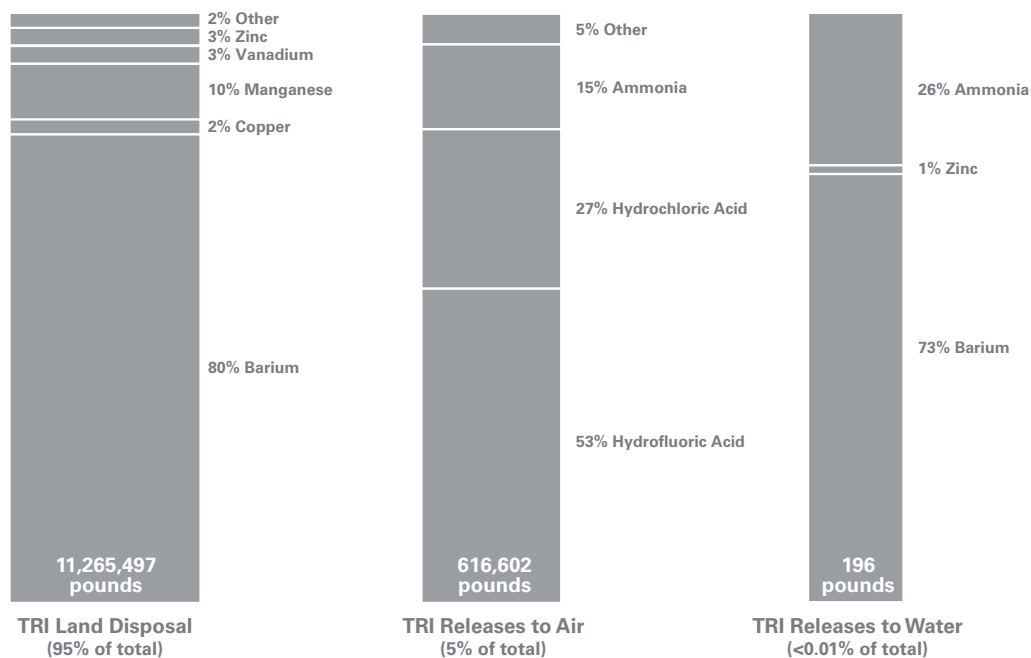
2020 TRI Releases



2019 TRI Releases



2018 TRI Releases



Releases provided here are from nine generating plants in locations throughout our service area. For individual plant information visit the [EPA's TRI Explorer website](#) or contact corporateresponsibility@xcelenergy.com.

Legacy Manufactured Gas Plant Projects

In the late 1800s until the mid-1900s, gas was manufactured using coal, oil and petroleum. It was used as natural gas is today, primarily for heating, cooking and street lighting. EPA estimates that thousands of manufactured gas plants or MGP facilities operated in the United States between 1815 and 1960. They were owned by municipalities and corporations, including predecessor companies to today's natural gas and electric utilities. MGPs produced a variety of wastes and byproducts, including coal tar. Some of the waste and byproducts were sold for reuse or disposed off-site and some were left at plant sites.

Given the extensive history of our operating companies, going back more than 150 years, Xcel Energy has inherited legacy MGP sites. All the plant facilities were closed and dismantled many years ago, and some of the properties where MGPs once operated have been sold. Over the years, Xcel Energy has worked cooperatively with environmental agencies and communities to successfully investigate and remediate former MGP sites when necessary.

Additional details on legacy manufactured gas plants and current projects are available on xcelenergy.com/mgp.



Managing Water Use

Protecting water resources is a priority for us given the critical role water plays in our operations and to the safety and well-being of communities and ecosystems.

Our operations rely on a dependable water supply for producing electricity. We use water for running turbines at hydroelectric facilities and for cooling at nuclear and thermal power plants. As responsible stewards of our water resources, we continually monitor and evaluate plant systems and processes and strive to use water as efficiently as possible and return it to nearby waterways in a safe condition consistent with permit requirements.

Company-wide, our goal is to reduce water consumption from the electricity serving our customers 70% by 2030 from 2005 levels. We expect our operations will use less water as we produce more power from wind and solar energy sources, which require no water to operate. However, we will continue to need a dependable water supply because the future zero-carbon 24/7 power technologies, which we need for operating reliably with high levels of renewables, will use water.

Water resource issues vary by location, driven by the unique climates and hydrology of individual regions. We expect regional water resources will become more stressed as weather patterns change and competition for water increases. To help manage this risk, we are implementing strategic water plans that forecast, model and manage our water needs in the more arid regions where we operate. We also actively engage in regional and state water planning processes and work cooperatively with our communities and states, tailoring our approach by region to help solve local supply issues, secure responsible water options, and save fresh water where we can.

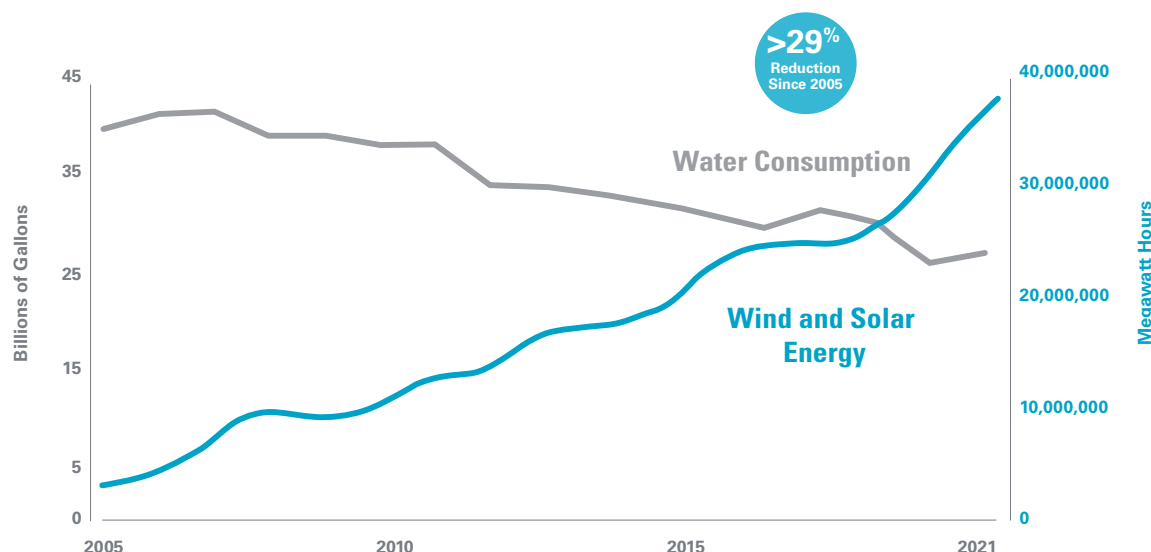
Governance

The Operations, Nuclear, Environmental and Safety Committee (ONES) of the board of directors oversees all operational aspects and annually reviews the company's environmental strategy, compliance performance and initiatives, including the water resource strategy and compliance. Within the company, the senior vice president of Energy Supply is responsible for the company's water resource strategy and compliance, under oversight of the chief operations officer who reports to the CEO.

Highlights

- According to the U.S. Geological Survey, water users in our states annually withdraw nearly 12.9 trillion gallons of water from local water sources for irrigation, agriculture, industry, thermoelectric power and public uses. We withdrew approximately 573 billion gallons of water in 2021 for producing power at our nuclear and thermal plants. Of these withdrawals, our facilities consumed about 22 billion gallons and returned 96% of the water to the environment, resulting in a consumptive rate of 285 gallons per megawatt hour of electricity produced.
- Our Cherokee Plant in Denver uses recycled wastewater and Jones, Nichols and Harrington plants in Texas use treated municipal effluent for cooling. The practice helps preserve freshwater and minimizes competition between the needs of power plants and other municipal, industrial and recreational water uses.
- Our landmark clean energy plans for Colorado and the Upper Midwest call for adding nearly 10,000 megawatts of wind and solar capacity and retiring all remaining coal-fueled generation in the regions by no later than Jan. 1, 2031. The plans will also reduce water use, as well as air emissions. Learn more about our plans in the [Leading the Clean Energy Transition brief](#) in Xcel Energy's Sustainability Report.
- Our Upper Midwest thermal and nuclear plants are located on rivers that provide a relatively abundant water resource. The plants use open-loop or once-through cooling where water is continuously withdrawn, used and directly returned. Although water withdrawals are higher with this type of cooling system, consumption is lower. Our plants with open-loop cooling systems return about 99% of the water they withdraw to its original source.
- Our thermal plants in Colorado, Texas and New Mexico operate in more arid regions so they use closed-loop cooling. This type of cooling requires less water to operate efficiently and minimizes freshwater withdrawals by recirculating water multiple times within the system—up to 25 times at some plants.
- We continue to incorporate the latest data collection and telemetry technologies to better manage our water resources. Upgrades to remote measurement structures and water infrastructure during 2021 allowed for more real-time access to water data, in addition to reducing labor hours and travel requirements.
- Xcel Energy facilities have individual wastewater discharge permits issued under the Clean Water Act. Our facilities had an exceptional compliance record in 2021, with only a single compliance advisory. Find information on environmental compliance in the [Environmental Management and Compliance brief](#) in Xcel Energy's Sustainability Report.

Xcel Energy's goal is to reduce water consumption from the electricity provided to customers 70% by 2030 from 2005 levels.* The goal is linked to our clean energy transition and increased wind and solar generation.



*Based on volume and owned and purchased electricity.

Monitoring and Managing Water Risks

A dependable water supply is critical to running a fleet of dispatchable power plants—those that are available 24/7, such as thermal, nuclear and hydroelectric plants. We need this “always available” power supply to operate in conjunction with wind and solar energy as part of a reliable power grid.

Our dispatchable power plants operate in different climatic and hydrologic regions, requiring detailed understanding of available water supply as well as weather risks and extremes, including drought risk and a plan to address the resulting water supply impacts. Effective water risk mitigation requires a multi-faceted approach, tailored to the unique circumstances and environments in our operating regions because water-related issues, administration practices and institutions are inherently local. For each of our regions, we take into consideration the appropriate cooling technology, and water or wastewater treatment options, as well as the needs of other water users and stakeholders.

Our dispatchable power plants that operate in Colorado, New Mexico and western Texas face a greater risk of drought and water shortages. To plan effectively, we continually monitor both short- and long-term weather trends to track the development of drought conditions and the probable magnitude and duration of resulting water shortages.

We review the historical availability of water sources under drought and the priority of company-owned water rights to assess water supply vulnerability and develop both short- and long-term mitigation strategies in conjunction with probable generation forecasts for water-using facilities. By using sophisticated hydrologic and statistical modeling tools, we evaluate the impact of future climate change on water supplies in the event future conditions are more severe than the historic record.

To mitigate the impact of drought, our company owns a diverse portfolio of complementary water rights and supplies, such as reservoir storage. Our approach to planning kept Xcel Energy plants successfully operating during the historic droughts of 2002 in Colorado and 2011 in New Mexico and Texas.

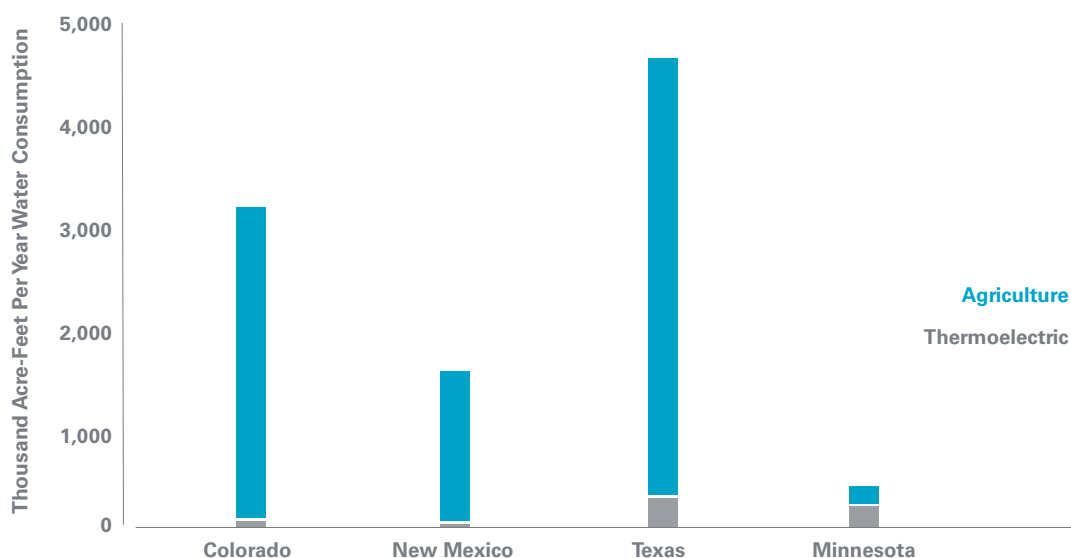
Because water supplies are inextricably linked to the health and success of the local community and are shared by multiple users, we engage with other water users and stakeholders to create mutually beneficial partnerships and innovative agreements to leverage water supply benefits for all participants in the event of drought or other hydrologic extremes.

These agreements include:

- In the event of severe drought, we reduce generation at our Shoshone Hydroelectric Generating Station near Glenwood Springs, Colorado, through a long-standing agreement with Denver Water. Denver can refill its reservoirs, and we receive a percentage of the water Denver stores for operating our core generating plants along the South Platte River, north of Denver. It is a mutually beneficial agreement that improves the reliability of both Denver and Xcel Energy's water supplies and helps keep energy bills low for customers.
- Colorado farmers typically lack the full water supply they need to produce marketable crops during severe drought years. We buy limited quantities of water that farmers have available during these difficult periods and use it in our power plants, helping to compensate and financially support farmers when their revenues are impacted by severe droughts. This water supply sharing model, called an interruptible water supply agreement, has been promoted in the state's Colorado Water Plan as a preferred practice to supply future municipal demand because it improves the economic resiliency of local agricultural communities.
- Since the Tolk Generating Station began operating in Texas in the 1980s, the plant has relied on groundwater from the Ogallala Aquifer. Over the years, the water table has dropped significantly, putting increased pressure on the many users of the aquifer, including Tolk. We currently operate Tolk seasonally or as economically appropriate and have proposed retiring the plant by 2034, pending regulatory approval.
- Xcel Energy participates in the Minnesota Sustainable Growth Coalition, a business-led partnership of approximately 30 businesses and organizations that work to promote a circular economy in the state. The coalition focuses on energy, water and waste issues to optimize use of resources, minimize waste and conserve resources. In the water area, the coalition is working on "greening gray infrastructure" or promoting infrastructure and practices designed to mimic the natural water cycle.

Consumptive water use from thermoelectric generation makes up a smaller portion of water use in our states compared to other uses, such as agriculture.

Statewide Comparison of Thermoelectric and Agriculture Consumptive Water Use
(states where Xcel Energy operates thermoelectric plants)



Data from the most current U.S. Geological Survey Estimated Use of Water in the United States published in 2015; consumptive water use data available only for thermoelectric and agriculture—other uses include irrigation, public supply and industry; thermoelectric consumption includes all generation in the state, not only Xcel Energy's operations, and thermoelectric consumption for Texas is based on information for west Texas where Xcel Energy operates.

Transitioning Water Resources for Beneficial Use

As we retire coal operations under our clean energy strategy, the water we contract or permit for is released back to the owner or water authority so that others can use it. We also own water rights that are an extremely valuable commodity for multiple reasons. We are pursuing opportunities to use our water holdings in ways that provide a dividend for the environment and benefit everyone who has a stake in our water future—from our company and customers, to the states and water districts where we operate, and other water users.

- With the proposed early retirement of Hayden Generating Station, Xcel Energy and other plant owners agreed to lease 1,200 acre-feet of water annually to the city of Steamboat Springs to provide the city with a second water supply, which helps diversify and minimize the city's water supply risks. The water is part of a 5,000-acre holding we own in Steamboat Lake that supplies supplemental water for the Hayden plant and has served as backup to our system in case of severe drought or other unforeseen events. The lease benefits Steamboat Springs and its residents and helps reduce costs for our customers.
- We are working on plans to move company-owned water resources between the St. Vrain and South Platte rivers for more flexible use between several thermal plants. This allows us to modify our contract with the City of Aurora and free up water for Aurora to use to meet the needs of its growing community.
- We have agreements with the cities of Longmont and Westminster in Colorado to exchange high quality water under our water rights with their lowest quality water or effluent to use at our power plants. The win-win partnership provides multiple benefits and saves money for each partner.

Managing Water Supply and Discharges

Thermal Operations in Colorado, New Mexico and Western Texas

Many of our power plants in these states are zero-discharge facilities, which means no process water leaves the plant site. Advanced water treatment technologies separate waste from used process water. The waste is disposed while most of the process water is returned to the plant for further use, helping to limit a plant's reliance on other water supplies.

Xcel Energy operates seven major thermal power plants in Colorado, including four that are zero-discharge facilities. Other plants that discharge wastewater to nearby waterways follow all state and federal environmental regulations as outlined in the requirements of their individual wastewater discharge permits.

We also operate seven major thermal power plants in New Mexico and Texas, including six that do not discharge water directly to nearby waterways. Our Cunningham, Maddox, Nichols and Harrington plants provide wastewater to local farmers to grow crops on plant property. Plant X discharges and supplies its wastewater to Tolk Station as part of Tolk's water supply, and Tolk Station is a zero-discharge facility. Only Jones Station in Texas discharges wastewater to a nearby waterway in compliance with its permit.

Our strategic water resource plans for operations in Colorado, New Mexico and Texas are updated annually to reflect local climate and hydrologic conditions, forecasted generation and water demand, and available water supplies to meet demand. These plans leverage the following information:

- Advanced multi-variate generation demand forecasting and resulting water demand forecasts
- Snowpack and water yield modeling used to support stochastic water supply forecasts
- Advanced groundwater modeling that predicts both water yield and long-term water supply availability for plants supplied by groundwater derived from the Ogallala aquifer.

Diversity is critical for maintaining a resilient, reliable water supply in the arid and climatically variable western United States. We acquire water for our thermal and hydroelectric plants through a portfolio of self-supplied water rights and other agreements that allow us to leverage the diverse water portfolios of our partners. Our integrated water supply portfolio is designed to be drought resilient by incorporating a wide variety of sources, such as direct flow water, reservoir storage, groundwater, and recycled water supplies. It also includes water from geographically diverse areas, including water imported from other basins, all of which allow us to maintain a reliable water supply at reasonable cost to our customers.

We own water supplies dedicated to our operations, and in Colorado, our water rights are available in accordance with the state's prior appropriation system. For more than 150 years, this system has allocated the risk of water supply shortages among its users and provides a long history of supply data to help us understand and forecast the availability of water for our facilities under a wide range of hydrologic conditions.

Over the years, we have expended significant resources to improve our water supply and system resiliency. Similarly, our water suppliers have improved their supplies and adopted drought response plans to ensure they meet their municipal and industrial supply obligations. We have partnered with municipalities and farmers to pioneer interruptible water supply agreements, which are activated by events that disrupt water supply, such as severe drought or catastrophic forest fires. Under these agreements, our company's water supplies are augmented, offsetting supply reductions that may occur elsewhere in the system during the events.

Finally, we use recycled water or treated municipal effluent where available and feasible, including at the Cherokee, Jones and Nichols natural gas-fueled plants and the Harrington coal-fueled plant. The practice minimizes competition between the needs of power plants and other municipal, industrial and recreational water uses. Recycled water use has the added benefit of increasing the reliability of our water supply because it is virtually drought proof and preserves billions of gallons of fresh water.

Our Water Resources staff is actively engaged in the ongoing state water planning processes in Colorado and Texas. They participate on volunteer boards and technical working groups, serve on the boards of water-user groups working to meet Colorado's obligations under Endangered Species Recovery programs, and participate in other water-user groups working to craft policy and legislation to better adapt Colorado's water supplies to changing conditions. For decades, they have participated on boards and as officers overseeing nine nonprofit ditch companies in Colorado where the company owns significant water rights. Through these organizations, conflicts involving water are often identified and amicably resolved.

In Texas, our Water Resources staff also serves on regional groundwater planning committees to better manage critical resources like the Ogallala Aquifer, which is the region's primary water supply.

Thermal and Nuclear Operations in the Upper Midwest

In the Upper Midwest where water is more abundant, Xcel Energy's nuclear and thermal plants use once-through cooling, with the exception of the Sherco Generating Plant, which uses closed-loop cooling. Plants with once-through cooling continuously withdraw water from nearby rivers for cooling steam and equipment and then return the water, leaving sufficient water supplies available for other users.

The plants follow the requirements of state water appropriation and federal Clean Water Act wastewater discharge permits, designed to meet the federal government's goals for maintaining swimmable and fishable waterbodies. We systematically treat, monitor and analyze the water to ensure the facilities meet discharge requirements and protect fish and other aquatic life, and we report applicable monitoring data to state agencies monthly.

While once-through cooling minimizes water consumption, we still take a strategic approach to managing our water supply in the Upper Midwest. We monitor weather patterns and use meteorological forecasting models to predict and ensure an adequate water supply during times when unusually dry conditions are likely.

When dry periods are anticipated, we participate directly with the state of Minnesota in coordinating the use of surface water among the various non-Xcel Energy hydroelectric facilities, steam generating plants, and public water intakes on the Mississippi River. The state convenes these entities as part of the Minnesota Drought and Low Flow Management Plan to manage river flows and water consumption of the surface water supply. Producing electricity is among the highest priority uses of water during periods of extreme drought. Through our participation in this process, we help ensure adequate water supply for our operations and facilitate timely contingency planning for a reliable energy supply for the region.

We also evaluate the use of alternative cooling options for our plants during rare dry periods and implement prudent, temporary measures to provide supplemental thermal cooling. In times of energy emergencies, our permits have provisions that allow some plant operating flexibility, along with additional environmental monitoring requirements to ensure fish and other aquatic life are protected.

In summer 2021, the Upper Midwest experienced a significant drought that resulted in low river flows during hot summer months when electricity demand is highest. We implemented our processes to engage with state water and permit regulators and upstream dam operators under the Minnesota Drought and Low Flow Management Plan so that water was not unexpectedly disrupted to our plants. We also evaluated options that might provide additional operational flexibility during the extended period of low river flow. Our company meteorologists provided regular updates on current and future drought conditions, and the U.S. National Weather Service developed a company-specific website that provided current and forecasted river flow conditions for all major plants in our Upper Midwest system. As the drought conditions persisted through the summer, we revised our drought preparedness and management process to better coordinate and respond to plant operational risks to ensure the highest level of plant availability and reliability.

Water Use Reporting

Water usage data are compiled using flowmeters, flumes with recording devices, and other electronic recorders, and the information is provided to regulators to demonstrate compliance with various water court decrees and permits or is used for our company water supply planning and modeling.

The United Nations Water Supply Stress Index considers a watershed “stressed” when water demands exceed 40% of the available supply. The semi-arid and arid regions where we operate, including Colorado, New Mexico and western Texas, are considered water stressed regions (shaded blue below). The Upper Midwest does not fall under this same designation but can still experience periods of significant water stress. Our company carefully plans and manages our water withdrawals and consumption and works cooperatively with local communities as responsible stewards of this important resource.

Much of the water that our operations in arid regions use for cooling is of impaired quality, even if it is withdrawn from surface water sources. At different times of the year, water quality exceeds 1,000 mg/L of Total Dissolved Solids in the South Platte and Arkansas rivers where Xcel Energy plants make withdrawals. Treated municipal effluent from Lubbock and Amarillo that serves several of our Texas plants also exceeds this threshold.

2021 Water Use by Source at Xcel Energy Owned Thermal Plants (megaliters)

SOURCE	WITHDRAWN	CONSUMED	DISCHARGED
South Platte River Basin*	18,433	14,849	3,584
Arkansas River Basin	15,242	13,571	1,671
Yampa River Basin	5,416	5,416	0
Colorado Total	39,091	33,836	5,256
Ogallala Aquifer	9,844	8,390	1,454
Treated Municipal Effluent (Lubbock, Amarillo)	16,202	12,980	3,222
Southwest Total	26,046	21,370	4,676
St. Croix River	258,888	0	258,888
Lake Superior	40,523	0	40,523
Mississippi River	1,655,573	26,888	1,628,685
Minnesota River	171,195	0	171,195
Upper Midwest Total**	2,126,179	26,888	2,099,291
XCEL ENERGY TOTAL	2,191,316	82,093	2,109,223

*Includes trans-basin diversions

**Does not include groundwater from these locations

Hydroelectric Operations

Xcel Energy operates 26 hydroelectric plants, including six in Colorado, one in Minnesota and 19 in Wisconsin, with enough capacity to power more than 280,000 homes. Although these plants use water to produce electricity, the only water loss is through natural evaporation from reservoirs. We work with environmental and wildlife agencies to ensure plans are in place for monitoring water quality, protecting aquatic life, ensuring minimum stream flow, preventing erosion, and controlling noxious weeds and other invasive plants. Many of our hydroelectric plants offer public recreational opportunities and some are stocked with fish.

Xcel Energy's hydroelectric plants operate on the following waterways, many of which are open to public recreation.

Colorado	Minnesota	Wisconsin
Lower Clear Creek South Fork Arkansas River South Clear Creek Colorado River Animas River and Tributaries San Miguel River and Tributaries	Mississippi River	Chippewa River Apple River Red Cedar River Namekagon River Montreal River White River Flambeau River St. Croix River



Preventing and Managing Waste

We aim to minimize and responsibly manage waste from our operations.

Our company's primary sources of waste are from our operations and the production and delivery of energy. This includes the ash that is left behind after generating electricity with coal or other solid fuels, as well as the materials and equipment that are used or discarded from the construction, maintenance or repair of power lines, pipelines, plants and other facilities.

We try to avoid generating waste through the efficient use of materials, which can also save time and money. For example, the electrical cable delivered to our power line projects is premeasured and cut to minimize waste on the job and increase productivity. We also work to purchase and use safer product alternatives—a practice that reduces potential hazards to workers and the public—and seek to reuse waste as appropriate, looking for opportunities to recycle, reuse or sell surplus materials.

When we must dispose of waste, we take steps to do it safely and properly, consistent with existing environmental standards. This requires that our employees are trained to know and follow the proper procedures. Additionally, we have a process to select facilities that are vetted and certified for disposing of the types of wastes we generate.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all operational aspects, which involves annually reviewing the company's environmental strategy, compliance performance and initiatives, including waste management. Within the company, the senior vice president of Energy Supply is responsible for the company's waste management and compliance, under oversight of the chief operations officer who reports to the CEO.

Highlights

- We produced 55% less coal ash in 2021 compared to 2005 by steadily transitioning to cleaner sources of energy. Since 2015, we have closed over half our active impoundments that we previously needed to store or dispose of coal ash.
- Approximately 17% of the coal ash our plants produced was reused in 2021, including 100% of the coal ash from two power plants in Texas. The material provides an alternative to using natural resources in products, such as cement or roofing shingles.
- In total, we recycled almost 23,000 tons of material from our operations last year, including nearly 19,000 tons of wire and scrap metal.
- We recycled nearly 2,000 tons of scrap metal from the decommissioning of two natural gas combustion-turbines in Minnesota—Granite City and Key City. In addition to returning the product back into the supply chain for reuse, the recycled material helped offset decommissioning costs by 40%.
- Less than 1% of the regulated waste that we disposed of in 2021 was classified as hazardous.
- As our company embarks on a multi-year Advanced Grid Initiative that will replace nearly 3.9 million customer meters with new smart meters, we have developed guidelines for properly disposing hazardous components from the old meters and managing recyclable materials. The project kicked off in Colorado last year where approximately 28% of material removed was recycled. The materials disposed of were mostly batteries, mercury-filled devices and other non-recyclable materials that were processed by waste vendors that are expected to meet our company's requirements.



Coal Ash Management

Coal-fueled power plants produce coal combustion residuals or byproducts commonly referred to as coal ash.

Company-operated Coal Ash Facilities

Coal ash is either beneficially reused or disposed at permitted third-party landfills or at company-operated facilities. We currently operate eight active coal ash storage or disposal facilities, including two impoundments (or ponds) and six landfills. In recent years, we removed the coal ash from 15 ponds to close them and are currently completing groundwater monitoring, which is part of the regulated closure process.

In addition, we continue to make improvements to existing facilities, including:

- At the Sherco Generating Plant in Minnesota, we began operating a new 18-acre bottom ash pond built with a composite liner. The new pond replaced a former clay-lined pond that was removed from service and is in the process of permanently closing. We also operate an existing 100-acre impoundment at the plant site.
- We installed a new treatment system that replaced a small three-acre bottom ash impoundment at the Comanche Generating Station in Colorado. The new system began operation in 2021, and the existing impoundment was taken out of service and began the closure process.

Both active impoundments at the Sherco Plant manage ash in a wet condition, and based on the Federal Guidelines for Dam Safety, Hazard Potential Classification System for Dams, the facilities are classified as significant hazard surface impoundments. They operate in an area zoned for producing power, away from homes or essential community facilities and infrastructure. EPA classifies the 18-acre impoundment as small. It was designed to meet applicable state and federal safety requirements and temporarily stores ash until it can be beneficially used or transferred to a facility for disposal. The 100-acre impoundment was constructed using state-of-the-art features for managing water and protecting the environment. When this pond is full, it will be capped with an engineered, protective cover system, and a special collection system will continue to dry the pond after it is closed. EPA contractor, Lockheed Martin, inspected this impoundment in 2009 and assigned it EPA's highest rating of satisfactory.

Coal Ash Production and Reuse

Throughout our system, we try to reuse coal ash for beneficial purposes and seek applications where we can save natural resources and meet relevant product and safety specifications. In 2021, 17% of the coal ash produced at our plants was used for concrete products, roadbed material, soil stabilization, engineered-fill material and more, helping to avoid the use of natural resources in these products. When we sell coal ash to third parties, our contracts allow only encapsulated beneficial use or un-encapsulated beneficial use in quantities less than 12,400 tons for non-roadway applications.

The amount of coal ash we reuse has declined in recent years. As we have replaced older coal-fired power plants with state-of-the-art natural gas combustion turbines and renewable generation sources. At our remaining coal-fired plants, the installation and operation of new emission controls at the plants, such as scrubbers and activated carbon for controlling mercury emissions, has changed the ash composition, making it potentially less marketable for beneficial use.

More detailed information on our coal ash management practices is available at [Coal Ash Management on xcelenergy.com](https://www.xcelenergy.com).

Coal Ash Summary (estimated in tons)						
	2019		2020		2021	
	Produced	Reused	Produced	Reused	Produced	Reused
Colorado	704,134	59,163	518,321	54,668	642,540	64,847
Texas	175,354	175,354	101,684	101,684	129,101	129,101
Upper Midwest	576,234	30,945	424,865	14,496	456,407	19,451
TOTAL	1,455,722	265,462	1,044,870	170,848	1,228,048	213,399

Meeting EPA's Coal Combustion Residuals Rule

The U.S. Environmental Protection Agency's final rule for coal combustion residuals (CCR Rule) became effective in October 2015. The CCR Rule regulates coal ash as a non-hazardous waste under Subtitle D of the Resource Conservation and Recovery Act (RCRA-D). It establishes minimum national standards for the design, operation and closure of landfills and surface impoundments. Beneficial use of coal ash as defined in the rule is exempted.

Additionally, the states where we operate have regulated the management of coal ash for decades, with rules that specify construction standards and define operational requirements for coal ash storage and disposal facilities. We also operate in several arid states where groundwater is scarce or at a greater depth, which is a favorable geologic condition that reduces the potential for impacts to groundwater from coal ash.

The CCR Rule provides a protocol for monitoring and protecting groundwater around applicable coal ash facilities. On Jan. 31, 2022, we completed our fifth round of annual groundwater monitoring reports as required by the CCR Rule's protocol. The groundwater monitored at Xcel Energy facilities is from designated monitoring wells located on the property of coal-fueled power plants, directly adjacent to the coal ash facilities.

The results show that all our coal ash facilities meet groundwater protection standards except for four facilities in Colorado. We have initiated the assessment of corrective measures process at these facilities. We have also notified stakeholders and published monitoring reports to our website. At two of the sites, we are working closely with EPA to evaluate groundwater conditions, including monitoring groundwater on adjacent properties to investigate potential off-site groundwater impacts as part of the corrective measures process.

One of these locations is at Comanche Station in Pueblo, Colorado. Xcel Energy cooperatively entered into a consent agreement with EPA in spring 2022, which was in the best interest of our customers and the Pueblo community. While we believe our operations at the Comanche site followed the CCR Rule based on our understanding of local groundwater conditions, the agreement ensures our ongoing operations meet EPA's expectations associated with the rule's monitoring and reporting process. As a result, we agreed to pay \$925,000 and take steps to remedy the issues, including installing additional monitoring wells and testing for potential off-site groundwater impacts, which we have initiated. As we transition to clean sources of energy, we have proposed closing our coal operations company-wide by 2034 and remain committed to properly managing legacy coal issues.

Additional details and reports associated with all Xcel Energy coal ash facilities under the CCR Rule are available at [Coal Ash Management on xcelenergy.com](https://www.xcelenergy.com/coal-ash-management).

Waste-to-Energy Plants

Xcel Energy operates three waste-to-energy plants and one biomass plant in the Upper Midwest. The waste-to-energy plants are part of a public-private partnership that aims to increase recycling and reduce the volume of household trash that ends up in landfills. Municipal trash is sorted at resource recovery facilities where recyclable and non-combustible materials are removed and the remaining waste is converted into a fluffy combustible material, referred to as refuse derived fuel (RDF). RDF is burned at the power plants, which can produce 52 megawatts of power and help reduce the volume of materials that go to landfills by almost 80%. The remaining ash from the process is disposed in lined landfills permitted by state regulatory authorities.

Waste-to-Energy Plants Fuel Consumption and Waste Reduction (estimated in tons)

	2019	2020	2021
RDF Consumed	540,154	516,821	489,745
Ash Produced	120,850	114,473	103,862
Total Waste-to-Landfill Reduction	78%	78%	79%

Our company operates the Bay Front Generating Station in Ashland, Wisconsin. The plant primarily uses biomass fuel with natural gas as backup.

Biomass Fuel and Ash Summary (estimated tons)

	2019	2020	2021
Biomass Fuel Consumed	261,891	229,039	253,364
Ash Generated	9,221	9,026	9,617

Other Operational Wastes

Whether at our power plants, services centers, substations or with crews in the field, we strive to follow best practices to manage waste. This begins by trying to prevent the generation of waste where feasible and then having processes in place for the responsible management and disposal of waste that is generated.

Restricting Product Use

We continue to manage a list of targeted ingredients to try to avoid using in our operations. The list is comprised of substances that are highly regulated or emerging contaminants of concern because of their potential environmental or health impacts. We work to restrict the use of these products if viable alternatives exist. We extend this process where applicable to onsite contractors through our Environmental Directives for Contractors.

Over the decades through implementation of efforts such as the targeted ingredients list and promoting the proper use and storage of products, we have significantly reduced hazardous waste quantities. Currently, Xcel Energy has only one large quantity hazardous waste generator, a groundwater treatment system associated with the Ashland Superfund site, that generates hazardous waste in quantities that classifies it as a Large Quantity Generator. Approximately 94% of Xcel Energy facilities, including power plants and service centers, generate less than 220 pounds per month and are classified by regulation as Very Small Quantity Generators.

Material Recycling

Xcel Energy has an Investment Recovery group that optimizes the recycling and reuse of surplus equipment, salvage and waste materials generated as a result of serving our customers. Investment Recovery staff work closely with facility and project management to find productive outlets for materials that have a secondary value. Not only is the recovery of these materials good for the environment, but it can help reduce costs too, in some instances substantially.

The vendors we choose to recycle materials are selected through a competitive bid process. Before we contract with a vendor for recycling materials, we investigate how the material will be managed and strive to confirm the vendor is qualified and follows all applicable environmental regulations. Some recyclable wastes, such as oil or batteries, could have an adverse environmental impact if mismanaged. To help prevent this, vendors for these recyclables are reviewed using the same approved vendor program that we use for waste disposal. Unfortunately, global market conditions have had a negative impact on the recyclables market for the past several years.

Recycling Summary (in tons)

	2019	2020	2021
Batteries*	36	54	73
Cardboard	17	16	17
Electronics	30	10	31
Lamps	20	17	11
Scrap Metal	24,754	18,495	18,907
Used Oil**	4,171	3,047	3,771
TOTAL	29,028	21,639	22,810

*Large lead-acid batteries recycled for reclaiming lead. This waste is also included in the total for universal wastes that were generated by the company.

**Includes only used oil and mineral oil with no PCBs (<50 ppm).

We provide information on the recycling and disposal of wind turbines in the [Renewable Energy brief](#) in Xcel Energy's Sustainability Report.

Collection and Disposal of Regulated Wastes

Properly managing our waste streams is a shared responsibility among all Xcel Energy employees. The Environmental Services department is responsible for the company's waste management program, which focuses on regulatory compliance, generating less waste and reducing environmental impacts. Our largest facilities have staff who work closely with Environmental Services and are specifically trained to manage waste at their locations. Other individuals doing work in the field or at facilities with potential to generate regulated waste routinely receive training on the company's waste management program. In addition, Environmental Services staff conducts regular site visits and develops job aides to help employees understand their waste management responsibilities.

At several locations, Xcel Energy has centralized facilities to aggregate specific wastes prior to shipping for disposal. We operate a Hazardous Waste Transfer Storage Disposal Facility (TSDF) in Minneapolis that is licensed by EPA and the Minnesota Pollution Control Agency. It is permitted as a long-term polychlorinated biphenyl (PCB) storage facility and has a licensed Very Small Quantity Generator program that provides additional waste management flexibility. Wastes from our Upper Midwest operations are aggregated and temporarily stored here, including:

- Common non-hazardous wastes, such as used oil and oil contaminated materials
- Universal wastes, such as batteries and lamps
- PCB-related wastes from electrical equipment and contaminated debris
- Hazardous waste streams, including paint and expired chemicals

In Colorado, we operate a centrally located facility to store PCB-related wastes, and our Materials Distribution Center in Henderson is used to consolidate common non-hazardous and universal wastes. Together, these facilities help in properly managing regulated waste streams while also lowering shipping and disposal costs.

To dispose of waste, we have an approved waste vendor program that helps to minimize risks through the exclusive use of vendors that are systematically evaluated and pre-approved. A team comprised of Environmental Services, Supply Chain, Legal, Risk Management and Investment Recovery meets quarterly to discuss the program and any relevant vendor issues. Vendors contracted to manage higher risk waste materials, including hazardous waste, are audited on a routine basis.

Waste Disposition Summary

Our waste generation in 2021 reflects normal operating conditions based on existing applicable laws and regulations. Waste from non-routine activities is excluded from the totals below. The regulated wastes reported here are disposed at licensed facilities that are required to be properly insured, financially stable and have positive compliance records.

Waste Disposition Summary (in tons)			
	2019	2020	2021
Hazardous*	56	39	60
Non-hazardous Regulated**	9,904	8,048	15,611
TOTAL	9,960	8,087	15,671

* Excludes 358 tons of boiler chemical cleaning wastes.

** Includes regulated waste streams including asbestos; polychlorinated biphenyl (PCB)-related wastes, such as rags or other materials used with transformer oil containing PCBs; contaminated soils; universal wastes, such as fluorescent light bulbs, rechargeable batteries and mercury switches; treated wood poles; industrial wastes; and other waste streams that cannot be comingled in a container with mixed municipal solid wastes.

PCB Phase-out Effort

We have been phasing out equipment that contains PCBs from our transmission and distribution system for many years. The Toxic Substances Control Act defines PCB equipment as equipment containing oil having a PCB concentration of 500 parts per million (ppm) or more, while PCB-contaminated equipment has oil with a PCB concentration of 50 to 499 ppm.

Xcel Energy has made dedicated efforts to remove known PCB equipment from its system, including transformers, capacitors, and other regulated categories of equipment. In many cases, we retrofitted large substation equipment to reduce the presence of PCBs to non-regulated levels. For sealed equipment and distribution equipment we often remove and replace equipment containing regulated levels of PCBs with non-PCB equipment. Ongoing phase-out efforts include the replacement of regulated equipment identified within our systems with non-PCB equipment. Any regulated equipment removed from the field is replaced with non-PCB equipment unless there are extenuating circumstances associated with the design or procurement of the equipment.

When it comes to managing hazardous or special wastes, like those with PCBs, we generally prefer to use disposal methods like incineration or detoxification that eliminate the PCBs from the waste stream, and therefore, the environment.

Xcel Energy personnel are trained on PCB regulations and the proper identification, handling, removal and disposal of this equipment to facilitate phaseout efforts. Aside from PCBs that are occasionally discovered during facility upgrade projects in small sealed or previously untested specialized equipment, most of the PCB and PCB-contaminated equipment left on our system is the result of cross-contamination occurring during manufacturing or maintenance activities prior to, or shortly after, the adoption of the Toxic Substances Control Act. Approximately 3% of used oil we recovered and 6% of electrical equipment we removed in 2021 contained regulated levels of PCBs.

PCB Contaminated Equipment and Oil Removed from the Xcel Energy System			
	2019	2020	2021
PCB and PCB-contaminated oil (gallons disposed)	22,080	27,357	25,608
PCB and PCB-contaminated equipment (tons removed from service)	249	169	135
Non-PCB Equipment (tons)	—	479	2,340

Spill Management

Each state where we operate has specific spill response and reporting requirements. The common expectation is that an unplanned release of a petroleum or chemical substance must be promptly cleaned up. Agency reporting requirements differ by state based on predefined criteria for release volume and potential for environmental impact.

In addition, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 compels certain responsible parties to investigate and remediate releases of a hazardous substance. Regulations put in place to implement the act, identify reportable quantities of hazardous substances, which, when exceeded by an unplanned release, must be reported to the National Response Center. The Clean Water Act mandates that a notice to the National Response Center is also required when a substance such as mineral oil or lube oil is released and has entered a surface water such as a stormwater sewer, drainage ditch, lake, river or stream.

In 2021, across all Xcel Energy Operations, we reported 95 spill incidents to state or federal regulatory agencies, including seven spills that were reported to the National Response Center. The primary causes for reported spills were equipment failure, severe weather events, and third-party vehicle accidents.



Wildlife and Habitat Protection

We have a history of working proactively with wildlife agencies and conservationists on research studies and stewardship projects designed to protect wildlife and its habitat.

Our commitment to communities extends beyond our relationship with the cities and towns we serve to protecting the land and natural resources surrounding Xcel Energy facilities. We manage thousands of acres of land through power line and natural gas facility rights of way and the lakes, rivers or grounds that support our power plants, substations, wind farms and other facilities.

Given our footprint, we play an important role as stewards of these locations. We take precautions to protect wetlands, threatened and endangered species, and other resources. When we upgrade, design and build facilities, we evaluate possible impacts to natural resources, such as wildlife and its habitat, and take appropriate steps to avoid or minimize potential risks.

We also look for opportunities to improve or restore habitat, with the goal of making a lasting difference. It's an approach consistent with our corporate environmental policy. Over the years we have funded and participated in studies, supported preservation efforts and worked side by side with conservation and environmental organizations on important stewardship projects.

While conservation and stewardship remain important, the most meaningful contribution we can make to protecting wildlife and nature is through our clean energy leadership. Climate change is one of the greatest threats facing wildlife and the environment. By transitioning to renewable and other clean energy sources, we help do our part to reduce carbon and other greenhouse gas emissions.

Governance

The Operations, Nuclear, Environmental and Safety (Ones) Committee of the board of directors oversees all operational aspects and annually reviews the company's environmental strategy, compliance, performance issues and initiatives, including the wildlife, habitat and land management strategy and compliance. Within Xcel Energy, the chief operations officer reports to the CEO and oversees natural gas operations and electric distribution and transmission, which includes our land management and avian protection programs. The senior vice president of Energy Supply reports to the chief operations officer and is responsible for the company's environmental compliance.

Highlights

- Through collaborative planting projects with community partners, we added more than 60 acres of new pollinator habitat in Colorado and Minnesota in 2021.
- As we rebuild or upgrade transmission lines in the Upper Midwest, we've installed swan-flight diverters. The coiled piece of equipment placed on overhead power line makes the lines more visible in avian pathways, reducing the hazard to birds and lines.
- Our popular Bird Cam website typically attracts more than a million visitors each year who tune in to watch bald eagles, kestrels and peregrine falcons. As early as 1989, we began working with the nonprofit Raptor Resource Project to install nest boxes at several of our Minnesota generating plants to help restore the peregrine falcon to the Mississippi River Valley. With the program's success, we began installing web-based cameras to share live video of the birds and their nesting habits with everyone. Our Bird Cam program grew from there. In addition to Xcel Energy bird cams, we also support the Minnesota Department of Natural Resource's EagleCam in St. Paul by helping band eaglets and providing camera and audio technical assistance.
- We're set to complete two new or remodeled facilities in 2022 that incorporate our sustainable site design concept and have planning underway for three additional projects to be completed in 2023. Sustainable sites are not only planned for the comfort and well-being of people, but they also incorporate environmentally friendly landscaping, materials and are designed to save water.
- The Xcel Energy Foundation and our company donated more than \$470,000 in 2021 to nearly 50 nonprofit programs that help protect and enhance the environment or offer environmental education. The investment is expected to improve or restore nearly 20,000 acres of rivers, habitats and parks and engage nearly 900,000 individuals in our communities in resource conservation exhibits or environmental education programs.
- For over a decade, we've partnered with Great River Greening, a non-profit organization in Minnesota dedicated to community-based restoration and stewardship. The organization regularly participates in Xcel Energy's annual Day of Service and employees continue volunteering to support its many projects—from planting trees and wildflowers to removing invasive plants and protecting shorelines.

Avian Protection Plans

Transmission and distribution lines and equipment can be attractive to birds for roosting and building nests, and they can pose a collision or electrocution hazard that may result in injury or death to birds. Xcel Energy has implemented Avian Protection Plans, which were developed in collaboration with the U.S. Fish and Wildlife Service, and are essential for protecting birds, as well as meeting federal wildlife protection laws.

Under the plans, we retrofitted facilities determined to pose a higher risk for bird injuries or deaths with equipment, such as roosting deterrents and bird flight diverters. We also design new or modified facilities to meet industry standards to prevent or reduce the likelihood of avian incidents.

Reporting and monitoring are ongoing steps in complying with federal avian protection laws and acting responsibly to protect birds. Employees are required to report injured birds or fatalities using an online reporting form. As necessary, the reasonable retrofit or installation of additional avian controls at these locations can minimize the risk of incidents in the future.

Responsible Wind Operations

Wind energy is an important resource for reducing carbon emissions and other environmental impacts. However, it's important that wind farms are properly located, constructed, operated, monitored and managed throughout their entire life cycle to achieve the full environmental benefit. To that end, we develop detailed Bird and Bat Conservation Strategies for all company-owned wind energy facilities. The strategy documents and provides a handbook for best management practices to be implemented at our facilities from early project conception through operation.

Project Siting and Development

We use the U.S. Fish and Wildlife Service's Land-based Wind Energy Guidelines to inform the selection of company-owned wind energy facilities. The guidelines provide a framework to consistently assess potential sites and determine if wildlife protection strategies may be needed. As part of this, we work with wind project developers, the USFWS and appropriate state wildlife and natural resource agencies to avoid or minimize impacts to wildlife and habitat to the extent practicable.

Construction

Best management practices for protection of wildlife species and habitat are implemented during construction and repowering of our wind energy facilities. To protect Lesser Prairie Chicken leks during the breeding season while constructing our Sagamore Wind Farm, we minimized traffic volume, reduced traffic speed on unpaved private access roads to 15 miles per hour, controlled access where feasible, and avoided all off-road travel in rangeland and planted grass areas. We also provide our construction contractors with site-specific environmental training on identifying and reporting wildlife issues. For example, many of our projects in Minnesota incorporate Minnesota Department of Natural Resources recommendations for avoiding and minimizing impacts to the state threatened Blanding's turtle. These practices include species-specific contractor training and installation of wildlife friendly erosion and sediment control products.

Wind Farm Operations

With multiple new wind energy facilities recently becoming operational, we are working diligently to accurately evaluate the effects of our facilities on wildlife. We conduct avian and bat post-construction mortality monitoring at all our facilities to understand the magnitude of impacts to bird and bat species. We adaptively manage our wind facilities by evaluating the results of these studies and determining whether any operational changes or additional minimization measures are appropriate. This decision-making process is carried out in coordination with USFWS and state wildlife agencies, and avian and bat fatalities at our facilities are reported to these agencies per the conditions of our federal and state collection permits.

We are also active partners in several efforts to further the wind industry's knowledge base on wind-wildlife interactions and to advance technological solutions for reducing impacts to wildlife species. In South Dakota, our Crowned Ridge II facility is the site of a multi-year study on the movements of prairie grouse in and around wind farms. Sharp-tailed grouse are GIS tagged and tracked with the goal of better understanding the effects of wind energy development on prairie grouse seasonal habitat selection and demography. This information could be used to inform future wind energy facility siting and design decisions that minimize impacts to prairie grouse species.

We are partners in a University of North Dakota research project focused on improving technologies for detection of avian and bat carcasses at wind energy facilities. The research team is developing machine learning algorithms for identification of avian and bat species via cameras mounted on drones. Advances in this technology could help us and others in the industry more efficiently evaluate and address wildlife impacts at our facilities.

Responsible Solar Power

Large-scale solar projects require approximately four to seven acres of land per megawatt of capacity, depending on the technology. We've aimed to make the most of the property that supports our company-owned community solar gardens in Boulder and Denver, Colorado. The solar arrays are located on the former sites of two retired coal-fueled power plants and the land around the solar panels was planted with a seed mix formulated to attract bees, butterflies or other beneficial species.

Xcel Energy is also currently developing the Sherco Solar Generating system, a utility-scale solar project in Becker, Minnesota, which is over 3,000 acres in size and will have capacity for up to 460 megawatts of solar power. We plan to establish native and pollinator friendly vegetation across the site to qualify for the Minnesota Habitat Friendly Solar Program. The project team is coordinating with representatives from multiple state agencies and native plant specialists to prepare for implementation of this plan, which would make it the largest solar site in the state to provide beneficial habitat to native birds, wildlife and insects.

Renewable Energy Wildlife Institute

Xcel Energy supports the Renewable Energy Wildlife Institute (REWI), previously known as the American Wind and Wildlife Institute. It's an independent nonprofit organization working to solve challenges associated with wildlife and renewable energy through sound science and collaboration. We provided a significant financial contribution to the organization that encouraged its broader focus on research for mitigating environmental challenges at both wind and solar energy projects.

Our project funding also supports the organization's technology and research studies to help improve monitoring and avoid or minimize impacts to birds, bats and other wildlife at our wind farm sites. Examples of current or recent projects that we actively participate in include:

- A study to evaluate the impacts wind farm projects have on the displacement of Lesser Prairie Chicken populations
- A project to detect bat fatalities to aid in wind turbine curtailment strategies
- An ongoing study to improve the efficacy of a smart curtailment system using IdentiFlight, which is a camera-based technology for identifying the presence and potential impact to eagles, in order to initiate wind turbine curtailment to reduce the risk of collision.

Through these projects and others, we are gaining valuable insights to minimize the impact of renewable energy for our company, industry and the environment.

Eagle Protection

Xcel Energy takes seriously the potential impact of wind energy on eagles. Because of the unique habitat surrounding each wind project, we apply a site-by-site approach to evaluating eagle risk at individual facilities. Xcel Energy conducts pre-construction eagle use and nest surveys to understand how eagles are using each potential wind farm site. Results of these surveys are used to make turbine siting adjustments and to determine whether additional eagle risk minimization efforts should be incorporated into a facility's Bird and Bat Conservation Strategy.

We own several wind farms where risk factors such as the presence of eagle nests or high eagle use have warranted development of site-specific Eagle Conservation Plans in coordination with the USFWS. These plans serve as supporting documents to Eagle Incidental Take Permits that Xcel Energy holds which allow a limited amount of eagle collision mortality at permitted facilities. These permits require rigorous eagle monitoring, regular coordination with USFWS, and continued adaptive management to reduce risk to eagles to the extent practicable.

Lesser Prairie-Chicken Conservation

Rangelands in our Colorado, New Mexico and Texas service area provide important habitat for the Lesser Prairie Chicken (LEPC). In June 2021, the USFWS proposed to list the LEPC as a threatened and endangered species under the Federal Endangered Species Act. A final listing decision is expected in the second quarter of 2022. In advance of the listing decision, we are working with federal and state officials to avoid, minimize and mitigate potential impacts to the LEPC from Colorado's Power Pathway project in the eastern part of the state.

Since 2014, we have voluntarily spent more than \$9.5 million on minimizing and mitigating impacts and improving LEPC habitat. At our Sagamore Wind Farm in eastern New Mexico, we committed to investing in over 2,000 acres of preservation and restoration credits from the Lost Draw Conservation Bank—the first USFWS-sanctioned LEPC conservation bank. With Xcel Energy as an anchor tenant, the bank is working to expand, improve and protect high-quality LEPC habitat in a significant area of primary habitat located to the south of the Sagamore Wind Project. Lost Draw partnered with a local ranching family to permanently protect and manage the property—all while accommodating sustainable ranching operations.

Through this partnership, Lost Draw is restoring thousands of acres by reconvertng agricultural fields and removing tall woody species such as mesquite. The bank is also eliminating existing fragmentation, such as pivot irrigation, windmills and other tall structures, and will protect the conservation footprint for the LEPC through permanent easements held by a New Mexico land trust. The strategic location of Lost Draw also contributes to the goal of securing a stronghold and potentially a focal area for the LEPC in the future.

Support for Pollinators

Pollinators, including bees, butterflies, some birds and even bats, are vital to flowering plant reproduction for producing most fruits and vegetables, and their populations are shrinking. According to the U.S. Fish and Wildlife Service, more than 75% of our food crops rely on pollinators to survive. Xcel Energy has been working with partners to support the development and maintenance of pollinator habitats for more than 30 years.

We have more than 50 active sites ranging from less than one to 800 acres, covering nearly 1,800 acres of pollinator habitat, in Colorado, Minnesota, North Dakota and Wisconsin. These include various company properties—under transmission lines and around substations, generating plants, office buildings, community solar gardens, and even a wind project. We are supporting and initiating projects that make a difference in the survival of pollinators, restoring native prairie ecosystems and targeting special species of concern including the monarch butterfly, rusty patched bumblebee and Karner blue butterfly.

Because we cannot achieve success on our own, we partner with state and federal agencies, communities and nonprofit organizations. In 2021, we expanded pollinator habitat under transmission lines in Bloomington, Minnesota. Partnering with the nonprofit organization, Great River Greening, and volunteers from the Shakopee Mdewakanton Sioux Community, we seeded more than nine acres in the area with a mix of grasses and more than 30 wildflowers designed to help pollinators, such as purple prairie clover, wild lupine and milkweed. Once this site is fully established in about three years, the seeds will be harvested for use in future pollinator habitats.

We also partnered with Scott County Soil and Water Conservation District and the city of Savage, Minnesota, to plant a new pollinator habitat at McColl Pond Environmental Learning and Event Center. The planting along one of Xcel Energy's transmission lines took place in fall, which is an ideal time to plant seeds for spring germination.

In Colorado, pollinator friendly seed mix was planted on approximately 50 acres surrounding three project sites constructed in 2021: the Tacoma Flowline at the Tacoma Hydroelectric Plant in La Plata County, Valmont Solar Garden in Boulder, and the Arapahoe Solar Garden in Denver. In addition, employee volunteers from Colorado are partnering with nonprofit organizations to help educate other employees on the importance of pollinator species and supporting projects for the development and maintenance of pollinator habitats in our communities. Partner organizations include the Butterfly Pavilion, Volunteers for Outdoor Colorado and the Colorado Pollinator Network.

Xcel Energy and the contractors we employ do not use chemicals that are harmful to beneficial insects in our vegetation management practices for controlling brush, trees and weeds on our rights of way and properties. This includes eliminating the use of neonicotinoids, which is of special concern to people working to improve bee populations.

As we move forward with the pollinator initiative, we are focusing on developing habitat that can be sustained, allowing time for the sites to develop. Our primary goal is to continue educating the communities we serve on the importance of pollinators in their daily lives while using company property to make a difference.

Sustainable Site Design

We're incorporating thoughtful, sustainable site design practices into the landscaping around Xcel Energy facilities, including office buildings, service centers and substations. With the goal of minimizing the impact of our facilities on the natural environment, our new site design approach aligns with and demonstrates our corporate environmental policy in action. We've put the tools and resources in place and are applying guidelines, listed below, to incorporate sustainable design into our facility projects.

- **People:** A well-designed site fosters physical and mental wellness by providing connections to outdoor spaces, equitable access to site features with ADA compliance, and facilities that encourage alternate modes of transportation.
- **Water:** Water is one of the most precious resources we have in our landscape. Site design must look for ways to treat stormwater on-site improving water quality and recharging the local groundwater supply. Landscape design should reduce or eliminate the need for permanent irrigation systems, helping to minimize the use of potable water.
- **Vegetation:** Landscape design should consider the greater site context looking for ways to enhance existing native habitats, remove invasive species, increase plant diversity and pollinator friendly species. A focus should be made to include species that are native and adaptive to the region.
- **Materials:** A sustainable approach to specifying materials includes looking for opportunities to reuse materials already on-site, use materials with recycled content, and specifying regionally sourced materials.

Following these guidelines and design practices, we broke ground on the Brainerd Lakes Area Service Center in Minnesota in 2021. The project is expected to be completed in 2022, with landscaping that incorporates native grasses and trees, pollinator friendly vegetation, no-mow turf and wetland seed mix in stormwater management areas.

We also expect to finish remodeling the Edina Service Center and adjacent substation in 2022. It's our first retrofit of an existing site and serves as a test for applying sustainable design practices at other established locations. The Edina design focuses on sustainability, improved aesthetics and functionality. We're planting a bee lawn seed mix, pollinator friendly plants, no-mow turf and native trees, as well as installing a filtration basin to improve stormwater management.

Other sustainable site design projects expected to be completed in 2023 include: the new Marshall Operations Center in Minneapolis and the new Belle Plaine and Belgrade service centers in Minnesota.



Customer Commitment

Our customers expect energy that's increasingly clean, affordable, reliable and safe, and experiences that are positive and trustworthy. We continue to meet their expectations today and beyond.

We understand energy is a necessity in people's lives. From keeping families warm to lighting up businesses, energy providers are part of customers' lives, and we continue to meet our customers' evolving expectations through every action and experience with them.

One of our company's strategic priorities is to enhance the customer experience. To truly deliver what our customers want, we must give them the freedom to take control of their energy use. We do this by investing in systems and smart technology to ensure reliability and affordability. During difficult times when customers need us most, we respond with information and solutions. No matter the need and no matter the customer, we make every call, email and conversation a priority.

Higher prices on goods and services, including energy, impact everyone and have forced many of our customers to consider the importance energy plays in their lives, including how to use it more intelligently and cost effectively. Through hard times, we stand by our customers and work diligently as trusted partners to help them power on, while also continuing to transform our business to anticipate and better serve their needs long into the future.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all aspects of operations and operational performance, including customer service and programs. Within the company, the chief customer officer oversees marketing, customer service and brand strategy and the chief human resources officer oversees the company's safety programs, including public safety. Both officers report to the CEO.

Highlights

- As the winter heating season approached in late 2021, we launched a special campaign to alert customers of expected higher natural gas prices. Through a dedicated webpage and emails, social media posts, news releases and other communications, we provided customers energy saving tips and information on how to contact us if they had trouble paying their bills.
- Xcel Energy bills for at least the past decade have been below the national average. We diligently control our operating and maintenance expenses and prudently invest for the future—that includes capitalizing on cost-effective wind and solar projects that will save customers money over time.
- Through a yearlong multi-channel communication campaign, we significantly increased our outreach to customers struggling to pay their energy bills. We set up more than 350,000 payment plans with residential customers in 2021 and distributed more than \$145 million in energy and bill payment assistance to nearly 150,000 individuals and families—a 12% increase from 2020—providing an average benefit per customer of \$974.
- Scammers continue to try new tactics to demand that customers provide financial or personal information to avoid power shutoffs. In response to increased scam activity, we provide proactive messaging through our phone system, contact local media and use social media to alert customers. We may also partner with law enforcement to investigate larger scam efforts, with the goal of shutting scammers down.
- We're committed to meeting our customers' language preferences—13% of our customer care agents are fluent in Spanish. We supplement this with a service that can support more than 345 languages. To date, we've helped customers in 68 different languages, most commonly Spanish, Somali, Hmong, Mandarin and Arabic.
- Our Customer Advocates are a dedicated team of subject matter experts that stand ready to serve customers with complex and escalated needs in all our eight states. Customers are referred to the team when they have filed reports with state public utilities commissions, offices of attorney general, the board of directors or similar organizations.
- The Call Before You Dig campaign to customers and our other public safety outreach continues to reduce the number of accidental third-party dig-ins to underground pipes and wires, which can result in serious injury, property damage, fines and service disruptions. Company-wide in 2021, we performed 2.4 million facility locates for customers, which helped reduce the rate of excavation damages to one per 1,000 locate requests—which was our best annual performance to date and a 32% improvement since 2014.

The Regulatory Compact

We operate under carefully regulated conditions that are determined in part by state public utilities commissions—a governing body that regulates the rates, services and plans of utilities such as ours. In exchange for the exclusive right to provide electricity and natural gas service in certain regions, we support the following regulatory compact:

- **Duty to serve:** We cannot pick and choose our customers, nor can we deny service. We will provide service to any residence or business within our service area that requests it under reasonable terms and conditions.
- **Cost of service pricing:** We cannot arbitrarily raise prices to levels beyond our costs. Pricing for our services is regulated by the costs we incur to deliver them.
- **Planning process:** We undertake regular processes to determine the generation resources, as well as the transmission, distribution and natural gas infrastructure necessary to serve customers' future energy needs. These plans must be reviewed and approved by regulatory commissions, and stakeholders can provide input on the plans through a public process.

By supporting this compact, we are granted the right to recover our costs of doing business and the ability to earn a reasonable rate of return. Although, this rate of return is not guaranteed—we have only the opportunity to earn it. To operate effectively in a closely regulated business like ours, it is imperative that we stay in sync with the current demands of the public and our policymakers.

Public Safety

Keeping people safe around energy is a responsibility we take very seriously. To support this, we have comprehensive outreach programs that promote safe behavior among our customers, communities, emergency responders and third-party workers. Our goal is for everyone who lives, works or gathers near our facilities to be aware of possible hazards and to know how to respond safely to them.

Our outreach programs use multiple channels to communicate and share safety messages. Advertising and direct mail are the most widely used and successful ways to raise safety awareness. We also use media and event appearances, email, social media, sponsorships, trainings and meetings, and websites.

We reach out to specialized audiences that play an important role in supporting public safety, including:

- Emergency responders, such as firefighters and law enforcement, who may be first to respond to electric and natural gas emergencies.
- Third-party contractors who can encounter power lines or natural gas infrastructure as part of their jobs, including construction, roofing and tree care professionals, agricultural workers and those who do excavation work.
- Educators, such as superintendents, principals and teachers, as well as students in second through sixth grades.
- Public officials, including emergency managers and government officials, who may create and manage emergency plans or approve building permits.

Our fulfillment programs annually distribute thousands of safety materials tailored to educate and inform these audiences. We also encourage them to use online resources that we sponsor, including e-SMART worker, e-SMART kids and the Responding to Utility Emergencies training. To supplement materials, we offer safety presentations and conduct numerous drills for local emergency responders. We offered many trainings virtually due to COVID-19.

Throughout the year, we run public safety campaigns that communicate outreach messages in four key areas:

- Contacting 811 before digging
- Staying at least 10 feet away from overhead lines to be safe
- Recognizing and responding to a possible natural gas leak
- Keeping natural gas meters clear of snow and ice

Third-party excavation damage to underground electric and natural gas facilities is a significant safety concern and remains the biggest threat to our natural gas distribution system and the safety of the public. We belong to the Common Ground Alliance, a member-driven association committed to saving lives and preventing damage to underground infrastructure through effective damage prevention practices. The association's most prominent initiative is the national 811 phone number that people call to have underground utility lines marked for free before they dig.

We are also members of State One-call centers that generate requests to locate underground utilities. We are a significant member of the Pipeline Association for Public Awareness and the Distribution Public Awareness Council in which we hold a leadership role to protect and educate the public, at-risk workers, public officials and emergency responders regarding utility safety.

We report on our natural gas operations and safety in the **Reliable and Secure Energy brief** in Xcel Energy's Sustainability Report.

Striving to Keep Customer Energy Bills Low

The number one priority for most customers is cost, which is why keeping energy bills low is a top strategic priority for us. Our customer energy bills have been below the national average for at least the past decade.

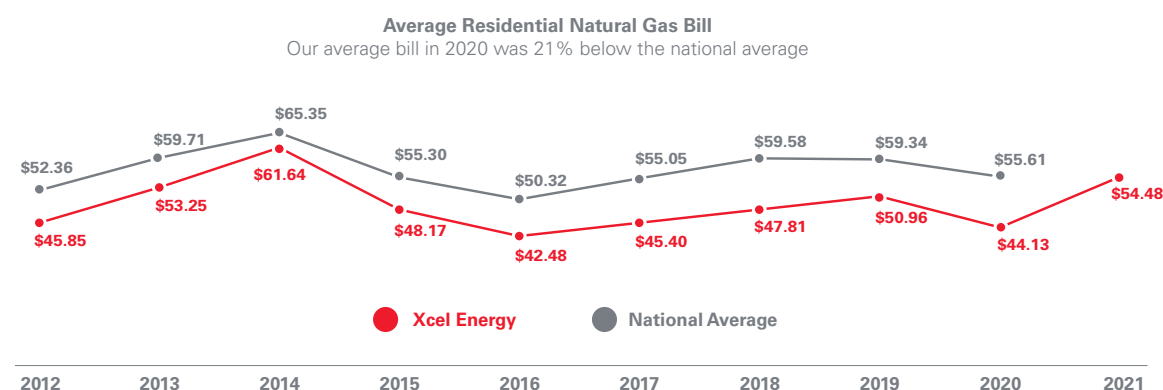
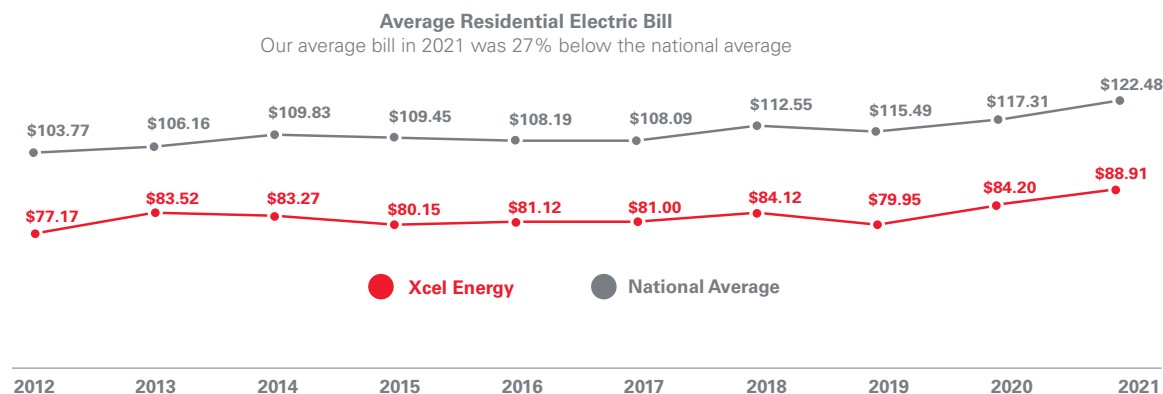
We diligently manage our operations and maintenance costs, and through ongoing process and technology improvements, have kept our expenses flat since 2014. We also continue to prudently invest for the future. For example, we installed 14 new wind farms from 2017 to early 2022 that not only provide clean electricity, but we estimate the projects saved customers more than \$1.8 billion through avoided fuel costs and tax credits during the last five years.

Over the past decade, we have also invested more than \$2 billion in a comprehensive suite of conservation programs that give customers more control over their energy bills without sacrificing comfort or convenience. As we roll out smart meters throughout our service area in the next several years, customers will gain new digital tools that provide them with useful insights to better understand and manage their energy use and make more informed energy choices that lower their bills and save money.

Like consumers around the country, Xcel Energy is not immune to rising prices. During the winter heating season beginning in 2021, wholesale natural gas prices were higher than in recent years, resulting in higher customer bills. We pass the cost of natural gas along to customers without markup, which means that our customers pay the same price as we do. We launched a campaign that alerted customers to the higher prices and offered energy saving tips and reminders of our conservation programs.

The situation followed winter storm Uri, which in early 2021, froze natural gas wells throughout Texas and Oklahoma, creating natural gas supply constraints and price spikes across the country. We incurred \$925 million of additional fuel costs and are working with regulators across our states to recover those costs over several years to help ease the impact on customer bills.

Xcel Energy has maintained residential energy bills that are below the national average for at least the past ten years.



Based on EIA bill trend data reported each year by utilities and revised by EIA in early 2021. Represents Xcel Energy annual average of monthly bills, excluding taxes and franchise fees; annual national natural gas bill information is not yet available for 2021.

Customers in Need

We work with state and local agencies and advocates for low-income customers to provide energy assistance to those in need. Our Personal Accounts department helps to monitor and assist customers who have medical needs or who struggle to make their monthly energy payments. They can assist in making energy bills more affordable to income-qualified individuals and families by promoting special energy efficiency programs, arranging payment plans and providing energy assistance resources.

Our support of energy assistance includes:

- Public policy and advocacy supporting efforts on the state and federal level for funding of Low-Income Home Energy Assistance Programs (LIHEAP).
- Funding for state and local energy assistance agencies and energy weatherization programs.
- Encouraging our customers to contribute to statewide fuel funds via their Xcel Energy bills.
- In-kind marketing and public relations to support energy assistance organizations and advocates for customers in need.

Our Personal Accounts staff are specially trained to help struggling customers find affordable solutions in the most difficult of circumstances. Their sole focus is the energy security of our most vulnerable customers whom they support through detailed knowledge of relevant state rules and by leveraging an extensive network of partners and programs.

We encourage customers who struggle to pay their bills to contact us to develop a payment plan and determine if additional assistance is available. Xcel Energy has several energy assistance programs for seniors or low-income customers with medical needs, in addition to assistance they receive from LIHEAP. For example, in Colorado and Minnesota, we work with eligible customers to set their bills at affordable budget levels based on their income and usage and then we match the remaining portion of their bills.

We only disconnect service as a last resort if we are unable to resolve the issue or arrange a payment plan. For customers behind on their payments, we typically send a reminder notice 33 days after the unpaid bill is due and a disconnection notice 64 days after the original due date. In 2021, we disconnected service to 29,498 customers, with service to about 99% of residential customers reconnected within 30 days. Most of these customers were reconnected within 72 hours of the disconnect after they arranged payment plans or paid their bills in full. Heat-affected disconnections are not performed in our five Upper Midwest states during the heating season.

Data Privacy

Xcel Energy takes seriously our responsibility to protect company information, including the personal and confidential information that we generate and receive about our customers, employees and contractors, vendors and operations. Our corporate policies, standards and procedures regarding information management and protection are designed to maintain the trust of the individuals and organizations we do business with.

We operate in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. In the ordinary course of business, we use our systems and infrastructure to create, collect, use, disclose, store, dispose of and otherwise process information. Our employees and contractors are trained on information management and protection requirements and best practices.

Our Enterprise Security and Emergency Management group helps ensure the protection of company information across all business areas. This organization includes four main branches: Business Security Risk Advisory; Systemic Monitoring, Analysis, and Resilience Services; Security Strategy, Policy and Compliance; and Portfolio Management and Performance. In addition, we have established an Enterprise Command Center designed to detect, investigate, respond, mitigate and remediate incidents and vulnerabilities involving company information.

Read our [Privacy Policy](#) and [learn more](#) about how Xcel Energy manages and protects customer data.



Reliable and Secure Energy

We provide 24/7 comfort and convenience for millions of customers who depend on us.

Energy runs the economy and powers our customers' lives. The electricity service we provide is consistently reliable, with customers having power on average 99.98% of the time. Similarly, our natural gas service is nearly 100% reliable, delivered from a system that is highly flexible and efficient for heating millions of homes and businesses, especially in colder climates.

We continually invest to improve resiliency and strengthen our infrastructure—the plants, power lines and natural gas system—that serves customers. This includes upgrading technology and diversifying our energy supply to ensure a reliable mix of resources for managing energy cost and environmental impact while making sure we don't depend too heavily on any one resource.

Through a more dynamic distribution and transmission network, we can improve security, reliability and deliver abundant wind and solar energy to customers. We're also strengthening the resiliency of our systems to respond to the increased threat of storms, wildfires and drought in a changing climate. In deciding where to invest, we propose projects that provide the greatest value and meet the diverse interests of customers and other stakeholders.

Security of the energy grid is a greater concern as our systems become more interconnected. We continue to implement security measures designed to protect our information technology systems, network infrastructure and other assets, working closely with government and industry peers to identify and adopt best practices for grid security.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees the performance of our electric and natural gas operations. Within Xcel Energy, the chief operations officer reports to the CEO and oversees generation, electric distribution and transmission, and natural gas operations.

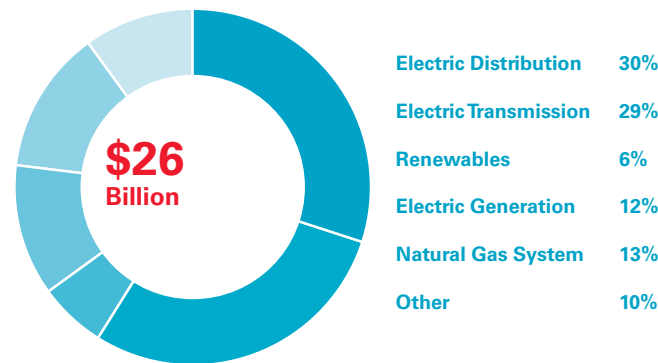
Highlights

- After four years of planning, foundational work and software development, our Advanced Grid Initiative achieved a major milestone in 2021 when the first wave of smart meters was deployed at 310,000 Colorado customer homes.
- We continued to plan, execute and champion wildfire mitigation programs. During the year, we inspected more than 2,800 miles of transmission lines in wildfire risk zones, performed infrared drone and laser-based 3D mapping inspections, and replaced more than 4,200 distribution poles, 22 miles of transmission line and 25 miles of distribution conductor.
- Under current resource plans for Colorado and the Upper Midwest, we expect to reduce carbon emissions more than 85% and deliver energy from approximately 80% carbon-free sources in both regions by 2030.
- Constructing and operating wind projects has become a core competency at Xcel Energy. We added nearly 800 megawatts of company-owned wind capacity from January 2021 to 2022, including three self-build projects—Blazing Star 2 in Minnesota, Freeborn in Iowa and Minnesota, and Dakota Range in South Dakota.
- According to the Institute of Nuclear Power Operations, Xcel Energy's nuclear generating plants are among the best in the country receiving the organization's top exemplary rating. Both plants are also in the Nuclear Regulatory Commission's Column 1—the highest rating.
- During the devastating Marshall Fire in Boulder County, Colorado, that started Dec. 30, 2021, more than 100,000 customers lost electricity service and natural gas service was turned off for 13,000 customers as a safety precaution. Hundreds of employees, contractors and mutual aid crews were on the scene as soon as it was safe. In challenging conditions, they safely restored electricity to 93% of customers within the first 48 hours and 100% within 96 hours. Within five days, the team also safely completed relighting pilots for 100% of our natural gas customers who were able to return to their homes once evacuation orders were lifted.
- For the seventh consecutive year, we continued to improve our emergency response time to calls involving a suspected natural gas leak, arriving at the scene within one hour of receiving the call 96% of the time in 2021.

Investing for the Future

Over the next five years, we plan to invest \$26 billion in projects that increase our renewable energy ownership, build out the transmission system, strengthen grid reliability and resiliency, enhance security, add charging infrastructure for electric transportation and offer customers more options.

2022-2026 Capital Forecast



*This forecast does not include potential incremental investment of \$1.5 to \$2.5 billion for approximately 2,000 megawatts of proposed renewable energy additions under the Colorado and Minnesota resources plans and transmission associated with the Colorado resource plan.

System Resource Planning

We are required by some states to regularly conduct a system resource planning process. The process varies by location, but generally begins with Xcel Energy filing a proposed long-term resource plan with the state public utilities commission. Regulators then evaluate the plan, and many stakeholders provide input, including large customers, environmental organizations and communities.

The plans assess the overall generating resources we need to serve customers as well as other related items, such as associated transmission requirements and total load obligations—which are influenced by conservation program goals and other things.

Once the plan is approved, it may result in the need to add resources to serve customers. We usually then release one or more requests for proposals, which may be general or targeted toward specific resources, such as natural gas or renewable energy. As the regulatory commission decides on specific resources to be acquired, our stakeholders can provide input.

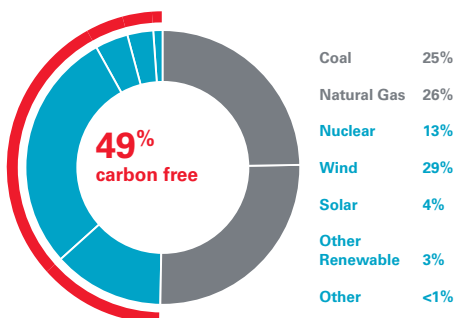
Find information on our latest resource plans, including the [Colorado Clean Energy Plan](#), the [Upper Midwest Energy Plan](#) and [current plan for our Southwest region](#) on [xcelenergy.com](#).

Generating Electricity

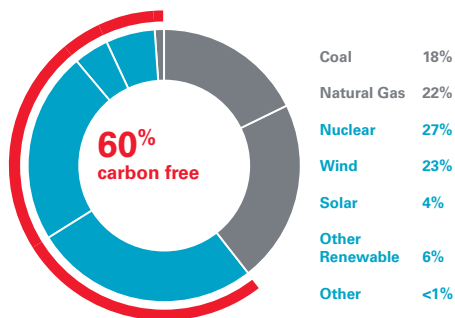
Xcel Energy provides electricity from a diverse mix of energy sources, including coal, natural gas, nuclear and renewable energy sources. We currently own 20,653 megawatts of generating capacity across our eight-state service area. These company-owned resources produced 68% of electricity on our systems in 2021, and we purchased the remaining 32% from third-party suppliers.

Company-wide, nearly half the electricity Xcel Energy provided to customers in 2021 came from carbon-free energy resources.

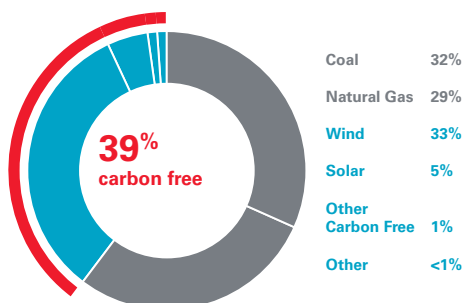
2021 Energy Mix – Xcel Energy



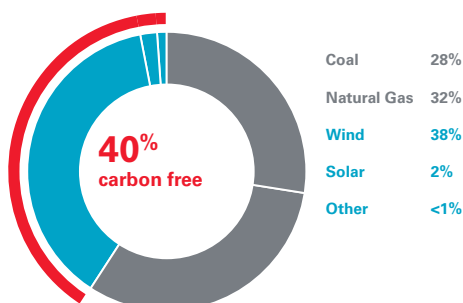
2021 Energy Mix – Upper Midwest



2021 Energy Mix – Colorado



2021 Energy Mix – Southwest



We report on our coal plant retirements and flexible plant operations in the [Reducing Local Emissions brief](#) and discuss our plans for expanding wind and solar energy in the [Renewable Energy brief](#) in Xcel Energy's Sustainability Report. Information on our [Monticello](#) and [Prairie Island](#) ([Unit 1](#) and [Unit 2](#)) nuclear plants is available on the U.S. Nuclear Regulatory Commission website.

Transmission

Transmission lines are a vital link to bring electricity over long distances from power sources to substations closer to homes and businesses. Xcel Energy operates one of the fastest growing, investor-owned transmission systems in the country.

Some of our notable transmission-related accomplishments include:

- The Huntley-Wilmarth project in Minnesota was energized in December 2021. The 50-mile 345-kilovolt transmission line north of Mankato is a partnership between Xcel Energy and ITC Midwest LLC. The project was completed under budget and is delivering benefits that exceed estimates of the Midcontinent Independent System Operator (MISO). Immediately upon completion, it began providing additional system capacity to access additional low-cost wind power.
- Regulators approved Colorado's Power Pathway. The project will invest \$1.7 to \$2 billion in up to 600 miles of new high-voltage transmission infrastructure. The 345-kiloVolt transmission lines will connect the renewable-rich areas of eastern and southern Colorado with the existing transmission grid, enabling the development of 5,500 megawatts of new wind and solar energy for the state's electricity customers. We held several rounds of public open houses in 2021 to identify potential route options for the projects, and plan to begin filing permits in mid-2022, with initial construction expected to begin in late 2023.
- As part of public utilities commission approval for the Upper Midwest Energy Plan, regulators agreed we can pursue the Minnesota Energy Connection project. The new transmission infrastructure will connect more clean energy to the power grid, re-using important grid connections near our coal-fueled power plants as they close and helping ensure reliable service for customers. The approval allows us to move forward with the project, with additional filings and approvals needed as it progresses.

Energy Distribution: Advanced Grid Initiative

Technology is advancing in every area of our lives, and Xcel Energy is using digital technology to help bring customers cleaner, safer, more reliable energy. Our Advanced Grid initiative is an extensive, multi-year project to modernize the electric distribution grid, which is an interconnected series of substations and distribution lines that deliver electricity to customers.

The \$1.7 billion distribution grid transformation deploys industry-leading technology to help our company better manage the grid and deliver an improved customer experience through improved outage response and the ability for customers to better manage their energy use.

The Advanced Grid Initiative enhances distribution operations through the deployment of new software, building a two-way communications network, adding new automated field devices and installing smart meters at customer premises. The smart meters deliver numerous customer and operational benefits, providing near-real-time communication between the customer and Xcel Energy, so customers know exactly how much energy they are using and what it will cost them. The meters also provide increased automation that reduces the need for manual meter reading or estimating usage and they improve efficiency. Along with the smart meters, customers will have new digital tools to make it easy to access their energy information and gain useful insights to better understand and manage their energy use and make smarter energy choices that lower their bills and save money.

We achieved a major milestone in 2021 when the first wave of smart meters was deployed at 310,000 Colorado customer homes. To prepare for the smart meter rollout, a secure field network communications system was built and expanded, allowing the smart meters to send encrypted information to Xcel Energy through a series of secure communication devices. Simultaneously, new software tools and controls were deployed for the company's distribution control centers to increase reliability and resiliency, optimize voltage levels throughout the system and help the company better manage the energy grid throughout our eight-state footprint. An advanced application in the new system software for voltage management, along with the addition of 430 field devices, generated 127.5 gigawatt hours of energy savings for customers in Colorado last year.

While the rollout will continue in Colorado over the next three years, the first smart meters are expected to begin deployment in Minnesota in 2022. Deployment in 2023 will include the Dakotas, Texas, New Mexico, Wisconsin and Michigan. By the end of 2024, nearly 3.9 million smart meters will be installed across our eight states.

Fueling Homes and Businesses

We fuel the homes and businesses of approximately 2.1 million customers in Colorado, Michigan, Minnesota, North Dakota and Wisconsin, and operate some gas transmission in South Dakota and Texas. Natural gas is a safe and efficient way to heat homes, from both a cost and environmental perspective, especially in our cold weather service areas. With nearly 2,300 miles of transmission and more than 36,500 miles of distribution pipelines in service, we plan to add approximately 300 miles of new pipeline over the next five years.

We are investing approximately \$1.1 billion to renew our natural gas system over the next five years and have replaced more than 1,000 miles of pipe since 2012. Currently, all our transmission pipe is protected steel and nearly all our distribution pipe is plastic or protected steel. In 2014, we finished replacing all cast-iron pipes and have less than four miles of unprotected bare steel pipe remaining to replace.

By upgrading our system, we ensure safety and reduce the loss of natural gas and methane emissions. We measure the occurrence of leaks on our system through annual inspections, our day-to-day operations and customer reports. We inspect one-third of the system each year, going beyond the regulatory requirement that we inspect 20% of the system annually. When leaks are identified, they are prioritized for repair, which involves a variety of measures from tightening joints to full-scale pipe replacements.

Our work to improve the integrity of the natural gas system also reduces methane emissions and is part of our comprehensive plan to reduce the environmental impact of natural gas across the supply chain. Under the clean energy strategy for our natural gas business, our goal is to deliver natural gas from a system with net-zero methane emissions by 2030, on our way to providing net-zero gas service by 2050. We are advancing multiple initiatives to achieve our methane reduction goal, which include:

- Piloting the use of advanced mobile or aerial leak detection technologies for surveying the system to supplement our annual compliance inspections.
- Accelerating repairs and fixing identified leaks before the expected compliance date.
- Improving methane reporting by developing a system-specific methane emissions inventory to replace the way methane emissions are currently reported using general industry or regulatory emissions factors to estimate emissions.
- Reducing methane emissions on construction projects—we've reduced the venting of pipelines on transmission projects and can expand the practice to distribution construction projects.
- Demonstrating the viability of hydrogen as a low-carbon fuel through a pilot project where we plan to inject up to 10% hydrogen into a subsystem of our natural gas distribution piping network beginning in 2023.

We report on this effort in the [Leading the Clean Energy Transition brief](#) in Xcel Energy's Sustainability Report.

As a natural gas provider, we work to raise awareness and take steps to keep customers safe around natural gas in their homes and communities. This includes improving our emergency response time by nearly 18% over the past five years. In 2021, our personnel arrived on-site within one hour of receiving a call associated with a suspected natural gas leak or other emergency 96% of the time. We also are a founding member of the Gold Shovel Standard, an industry-leading association aimed at reducing system damages. Third-party damage to facilities is the number one risk to our natural gas infrastructure, and our damage prevention program is achieving near top-quartile results.

We also follow the American Petroleum Institute Public Awareness Programs for Pipeline Operators Recommended Practice 1162. This involves implementing measures to increase awareness about the safety of our facilities and energy service. Twice a year, we send information on staying safe around natural gas to customers through their bills. As part of our membership with the national, nonprofit Pipeline Association for Public Awareness and our participation in state-specific pipeline associations, as well as Minnesota's Community Awareness Emergency Response association, we distribute materials to important audiences. This includes providing safety guides, books and newsletters to excavators and to public and emergency officials, in addition to sponsoring and participating in pipeline emergency responder meetings and trainings.

We provide additional information on public safety awareness programs in the [Customer Commitment brief](#) in Xcel Energy's Sustainability Report.

Wildfire Mitigation

As climate conditions have changed throughout the west, the traditional idea of a fire “season” has evolved into a year-round battle against larger, stronger and faster wildfires. As part of our commitment to safety, Xcel Energy has a comprehensive fire risk mitigation program designed to help protect lives, homes and property from the threat of wildfire.

We recognize that wildfires pose a significant threat to our customers and communities as a whole, and we are proactively implementing programs to minimize ignition risks associated with operating our system. Our cross-functional Wildfire Mitigation Team works together to:

- Accelerate inspections in identified Wildfire Risk Zones—and conduct new and enhanced inspections on equipment and poles—to further identify and address potential safety concerns.
- Replace equipment and poles that pose an increased risk and explore use of new technologies.
- Analyze the strength and ability of transmission and distribution structures to withstand higher than normal windspeeds.
- Conduct enhanced vegetation management in the areas around structures, corridors and equipment.
- Improve protocols and fire-safe work practices.
- Work directly with communities, first responders and other stakeholders to inform, educate, gather and incorporate feedback for our programs

We’re continually making strategic investments and improvements to support the power grid, build resilience and increase situational awareness to mitigate the risk of asset-caused wildfires. Our team oversees several main bodies of work:

- System hardening initiatives and enhanced inspections strengthen assets, to reduce the chance of causing ignitions and protect against extreme weather conditions. Risk modeling determines potential methods of failure; then we undertake repair-and-replace programs that prevent and fix defects. We’re also implementing new technologies to help in the mitigation of risks. While it’s impossible to eliminate every risk, we continue to maintain and upgrade our system and collaborate with other utilities to protect people and property.
- Operational and situational awareness efforts improve our capability to make critical operational decisions more quickly and effectively. These include specific protocols for periods that are conducive to wildfires, such as “Red Flag Warning” days with high-wind conditions and monitoring the National Fire Danger Ratings to ensure a better understanding of localized threat conditions—and appropriate actions to deal with those conditions. We’re using that information to operate our system in a manner to reduce wildfire risk and effectively respond to fire events when they occur.
- Community and stakeholder outreach plans involve communicating with numerous stakeholders, educating them on the work being done for wildfire mitigation, answering questions about the plan and receiving feedback on what’s important to them. Our plan will continue to evolve as we evaluate new technologies, gain more industry and stakeholder input, and complete more inspections and studies to inform our program. Our effort also includes collaboration and benchmarking with Electric Power Research Institute, Edison Electric Institute, national labs and our neighboring utilities to share lessons learned and best practices.

Since our Wildfire Mitigation Plan launched in 2019, we’ve invested nearly \$230 million in wildfire protection. In 2021 alone, we inspected more than 2,800 miles of transmission lines in Wildfire Risk Zones, performed infrared drone and laser-based 3-D mapping inspections, and replaced more than 4,200 distribution poles, 22 miles of transmission line and 25 miles of distribution conductor.

Our estimates for the four years ending in 2022 include 40 major line rebuilds, 11,500 pole replacements, more than 5,000 upgrades to pole-mounted equipment including fuses and arrestors, and more than 120 miles of new conductor.

While the work is currently taking place in Colorado, it could be expanded to other states as needed. Learn more about Xcel Energy’s Wildfire Mitigation Plan on our website at [xcelenergylwildfireprotection.com](https://www.xcelenergy.com/wildfireprotection).

Vegetation Management

Xcel Energy's Vegetation Management department manages millions of trees across more than 47,000 miles of distribution right of way and more than 20,000 miles of transmission right of way throughout our service area. Since 1996, the Arbor Day Foundation has recognized our company, or its predecessor companies, as a Tree Line USA utility for its commitment to proper tree pruning, planting and care.

We use industry best practices to help achieve our vegetation management goals in an environmentally sensitive, socially responsible and cost-effective manner. This includes Integrated Vegetation Management, which encompasses a progressive system of information gathering and helps us develop compliant solutions for controlling vegetation near electric and natural gas facilities.

Our pruning methods comply with standards set by the American National Standards Institute and the Tree Care Industry Association, which are endorsed by the International Society of Arboriculture. We also employ manual and mechanized clearing techniques, as well as responsible herbicide applications. All herbicides used are products registered by the EPA and the appropriate state regulatory agency. The herbicides are applied by licensed applicators.

For our distribution and transmission lines, work is generally performed on a four- to five-year cycle. Our practices seek to balance our customers' need for reliable energy while respecting the natural environment that surrounds our facilities. For example, we work with landowners to determine if trees and other vegetation can be deemed compatible with safe operation of our electric lines. In Colorado, we also have established various programs to minimize the risk of wildfire ignition such as our Mountain Hazard Tree Program which helps us stay ahead of the tree mortality caused by the Mountain Pine Beetle.

In our efforts to comply with governmental regulation and to better ensure electric system reliability, our transmission line vegetation management program emphasizes the removal of incompatible vegetation to promote long-term vegetation control. Managing vegetation in this way on transmission corridors also supports establishment of plant communities beneficial to pollinator species such as butterflies and bee species.

Our company also provides information to customers on sustainable landscaping and the energy savings possible through responsible tree planting around their homes. A customer can lower their energy bills by strategically planting trees, shrubs and vines around their home. In summer, trees shade walls and windows, and channel cool summer breezes toward the house. In winter, they prevent cold drafts. Energy-conservation landscaping is probably the most cost-effective, long-term investment available to reduce cooling costs. A well-planned landscaping program can pay for itself in energy savings in seven to 10 years.

Cybersecurity and Physical Security

Critical infrastructure owners and operators face ever-evolving cybersecurity and physical security threats. In the past year, our industry has faced challenges, such as mounting threats from domestic violent extremists, Log4j and Russia's invasion of Ukraine. Protecting our critical energy assets from all hazards is a responsibility that demands our constant vigilance and is a top priority for Xcel Energy.

Throughout 2021, we responded to and proactively engaged with our federal government partners to prevent, protect and defend our energy systems from potential cyberattacks. Recently, we created a cross-functional team of experts to implement the requirements mandated by the Transportation Security Administration Security Directives. While much of the work to harden our natural gas system was already underway, the Security Directives provided an opportunity to expedite much of the work to mitigate risks posed by adversarial, nation state interest in the sector.

Additionally, at the request of the White House, our company volunteered to participate in the 100-day Initiative launched in April 2021. The overall effort, led by the National Security Council, is intended to improve situational awareness in operational technology environments to identify potential adversarial attempts to disrupt operations. The effort resulted in a significant, advanced notice of Russian activity that allowed time for Xcel Energy and other critical infrastructure owners and operators to implement mitigation measures.

We also launched a Corrective Action Program (CAP) that enables Xcel Energy to identify and remediate issues across the company. CAP is critical to maturing our organizational processes and identifying security problems early to mitigate their impacts. This first-in-the-industry program will provide critical data to conduct trend analysis and assist in our continuous improvement efforts. We also continue to make improvements related to multifactor authentication, industrial control system security and employee education.

A strong culture of security is supported by continuous learning and improvement. We provide programs to support employee understanding of current threat environments and help employees identify attempts to attack our systems as well as opportunities for contributing to our risk mitigation efforts. In 2021, we continuously improved our “phishing” click rate. Through training and testing, our employees increased their identification of phishing emails, significantly reducing the company’s risk from this common attack method. Employees can also attend webinars and bi-weekly threat intelligence briefings hosted by our internal threat analysts, which help them understand the risk the company faces from criminal actors and nation states. During webinars in 2021, employees learned how their reporting assists our security teams and local law enforcement apprehend bad actors.

As part of our commitment to security, Xcel Energy actively engages with our industry peers, federal government and state government partners to improve security awareness and develop solutions to various challenges. Our president, chairman and CEO, Bob Frenzel, is a member of the Electric Sector Coordinating Council, which serves as the principal liaison between the federal government and the electric power sector on critical infrastructure protection. Throughout 2021, the council via the national level grid exercise, focused on ways to improve the resilience of our bulk power system, addressed supply chain shortages, and examined critical infrastructure interdependencies to reduce risk and improve reliability.



Community Relations and Economic Development

We're more than an energy provider—we're a committed partner. From building relationships with local leaders to creating jobs and driving clean energy futures, we help communities succeed.

We provide a fundamental service, powering communities with safe, reliable, affordable and increasingly clean energy. But the role we play doesn't stop at keeping the lights on. Communities rely on us to help them grow and prosper.

To foster this partnership, each of our operating companies has a community relations team responsible for connecting with and managing the needs of our communities. We work side by side with community and business leaders, local elected officials and developers on projects from street lighting to new construction and clean energy goals. With residents, we perform thoughtful and extensive public outreach to ensure they have ample opportunities to provide meaningful input on projects that affect their communities.

The sustainability of economies is critical to our partnerships, too. To expand existing businesses or attract new ones and create jobs, we engage with local chambers of commerce and economic development organizations to provide competitive pricing, energy efficiency incentives and our industry-leading renewable energy portfolio. We also work closely with communities and property owners to partner on developing and marketing certified sites, ready sites and ready buildings.

These partnerships are even more integral as we exit from coal to achieve our vision of delivering 100% carbon-free electricity to customers by 2050. Through transparent communication and advanced, proactive planning, we help facilitate a responsible and just transition for employees who live and work in these communities while also building new facilities, attracting desirable business and maintaining a healthy tax base.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all aspects of Xcel Energy's electric and natural gas operations. This includes reviewing operating performance, metrics and regulatory compliance, which the company's community relations functions support. Within Xcel Energy, the group president for utilities and chief customer officer reports to the CEO and oversees the company's four operating companies, which are led by operating company presidents who are responsible for state-level community relations, economic development, regulatory, and government affairs.

Highlights

- Through our economic development focus in 2021, we attracted 20 new business development projects to our service area that will add more than \$1 billion in capital investment and approximately 5,000 jobs to support local communities.
- Xcel Energy supports several unique public-private partnerships in the Twin Cities that focus on delivering alternative public safety services. The Minneapolis Community Safety Transformation and Community Safety Innovation project is developing services that create trust, confront racial disparities and improve well-being in underserved communities. The city of St. Paul's Community-First Public Safety initiative is re-envisioning emergency response and public safety strategies and taking a holistic, sustainable approach to building safer neighborhoods throughout the city.
- With the restaurant industry hit hard by the pandemic, Xcel Energy joined The Colorado Restaurant Foundation to establish the Colorado Outdoor Winter Dining Grant Program to assist restaurants experiencing financial hardships during the pandemic. The company gave an initial contribution of \$500,000 in 2020 and matching funds of \$150,000 in 2021.
- Xcel Energy plans to invest \$9 million in the Resilient Minneapolis Project. The proposed initiative will support underserved communities in Minneapolis by providing solar, battery and microgrid technologies to strengthen community resiliency in response to extreme weather or other events that may disrupt energy service. We're actively engaged with community partners in a collaborative design process to co-develop the projects that will reduce emissions, diversify the clean energy workforce, and improve energy affordability.
- We hosted about two dozen open houses or meetings in 2021 to share information and seek input on transmission projects, including 21 meetings with more than 900 attendees to help identify potential transmission line routes for Colorado's Power Pathway project in the eastern portion of the state. We also presented to all counties and met with local government staff to discuss route development and permit processes.
- Since our Partners in Energy program began in 2014, we've helped more than 75 community teams in Minnesota, Colorado and Wisconsin develop action plans. The plans leverage our products and services and encourage additional customer participation to help the communities meet their clean energy goals. In addition to increasing participation in energy efficiency, electric vehicle and renewable choice programs, we began promoting information and options to help customers with newly installed smart meters to save energy and lower their bills.

Xcel Energy Direct Economic Impacts

Xcel Energy serves approximately 1,600 cities, towns, villages and other communities across its eight-state service area.

2021 Economic Value Distributed (in millions)

Electric fuel and purchased power costs	\$4,733
Cost of natural gas sold and transported	\$1,081
Supply chain spending on good and services	\$4,381
Employee compensation, including wages and benefits	\$2,162
Property tax payments	\$508
Franchise fees	\$213
Community involvement	\$14.9
Energy and bill payment assistance	\$145
Interest charges and financing costs	\$816
Dividends paid	\$935

Find information on our revenues and economic value generated in the [Xcel Energy 2021 SEC Form 10-K](#).

Public Outreach and Involvement

We actively encourage community participation in the planning and siting of our energy facilities. For nearly all projects we undertake—whether we are building wind farms, solar projects, transmission lines, substations, or improving natural gas facilities—we seek meaningful public involvement far beyond what may be required by state and local jurisdictions.

In addition to federal requirements, we follow the different permitting and approval processes of the jurisdictions where we operate, which include opportunities for public participation and comment. We provide interested parties with information on these processes and encourage participation, in addition to public processes that we may initiate separate from this.

Depending on the project scope and location, we may engage with stakeholders at the following key points when developing projects:

- **Scoping:** Once a project need is identified, we research the community or location where we are working and gather information about our system, property ownership, demographics, and land use and environmental conditions. We may conduct initial outreach and notifications to learn more about the area and begin discussing the project's purpose and schedule with community leaders, landowners, residents and other stakeholders.
- **Mapping and Evaluating Locations:** We identify a study area and begin identifying potential locations or routes for projects. As part of this, we may conduct field visits and one-on-one meetings with landowners, jurisdictions and other stakeholders. We may host public open houses or form a public advisory group, depending on the need. We use this feedback to refine our plans, locations or routes. Our goal is to gather input, identify issues or concerns, and build trust and credibility with stakeholders.

Based on the data and input we've gathered, we will narrow the list of alternatives to identify our primary or preferred locations or routes, factoring in our system needs and land use and environmental requirements, in addition to public input. We may share our decisions with the public, confirming how their input was used and seeking additional input.

- **Final Routes or Sites and Permitting:** We notify the public of our selected sites or routes and submit land use permit applications or filings, as required. There may be additional opportunities for public input depending on the permitting or regulatory process. We also acquire land rights and may continue working with communities on refinements or mitigation measures throughout construction of the project, if needed.

In addition to meetings and open house events, we work to keep people informed through direct mail, project websites, newsletters or factsheets, project hotlines and social media. For some projects, our engagement doesn't stop once a facility is constructed. We may continue to periodically check-in with landowners or residents to maintain these important relationships.

We aim to provide meaningful opportunities for all people to contribute to the energy decisions and investments that may impact them. Learn more about our [Environmental Justice Position Statement](#) in the [Reducing Local Emissions brief](#) in Xcel Energy's Sustainability Report.

A Responsible Transition to Clean Energy

As we shift to cleaner sources of energy, we are focused on a just transition—a sustainable economic shift as we implement plans for retiring all Xcel Energy coal-fueled power plants by 2034. The shift to clean energy affects our employees as well as communities that for decades hosted our plants. While every community is unique and requires special attention, we established a [Position Statement on Transitioning Out of Coal Responsibly](#) that describes how we consistently approach managing the impacts of early plant closures on employees and communities.

Key elements of the position include:

- **Be proactive, transparent and consistent:** Prior to announcing closures, we share our plans and potential impacts with employees, bargaining unit management and communities.
- **Provide a long runway:** We make decisions about and communicate plant closures as far in advance as possible, allowing both employees and communities time to plan their futures.
- **Prevent layoffs, retain talent and support our employees:** We take an enterprise view of current and future workforce needs, leverage natural attrition and implement deliberate steps to retain talent by helping employees explore, prepare for and assume new positions. To date, we have retired seven coal-fueled plants with no layoffs.
- **Sustain and empower our communities:** Building on long-standing stakeholder relationships, we partner with community leaders, state and local government officials, economic development groups and local businesses to help maintain a healthy tax base and foster continued economic growth in each host community.

We are currently engaged with several communities facing early plant closures and are working collaboratively on projects to build replacement power facilities at existing sites, attract new business through economic development efforts, or pursue business expansion opportunities.

These collaborations include:

- **Becker, Minnesota:** Before the end of 2030, we plan to retire all three coal-fueled units at the Sherco Plant located in Becker. Together with community leadership, we continue to clear the runway for industrial development in the area by proposing an Alternative Urban Areawide Review on 1,500 acres. We also have proposed installing a 460-megawatt solar project near the existing plant site, which is the largest single solar development ever proposed in Minnesota. The project would allow us to make use of existing grid interconnection rights and help replace the energy produced by the coal-fueled plant.
- **Hayden, Colorado:** Located in a community where coal mining and energy production have fueled the economy for decades, the Hayden Generating Station is proposed to retire by 2028. We are engaged with local community leaders, elected officials, economic development organizations, labor unions and others to support the region's transition away from coal. Collectively, we are exploring multiple opportunities that are needed for creating new jobs and sustaining tax base. Our company is studying locating new clean energy technologies at the existing plant site, including biomass or biogas, hydrogen electrolysis and molten salt energy storage. We supported a new law in Colorado that allows the public utilities commission to consider innovative clean energy technologies in transitional communities facing accelerated coal retirements, such as Hayden.

- **Pueblo, Colorado:** Before proposing to accelerate the retirement of two coal-fueled units at the Comanche Generating Station, we discussed our plans with Pueblo community leaders. Their top priority was economic impact, including the loss of well-paying jobs, tax revenue and community giving. Around the same time, EVRAZ North America, which manufactures steel and is one of Pueblo's largest employers, was considering moving its operations to another state. Working together with the community, we successfully established a plan to maintain EVRAZ North America's ongoing investment in Pueblo. The plan included a long-term pricing contract and an affordable solar solution to meet EVRAZ North America's future energy needs. We worked with Lightsource BP to secure the \$285 million Big Horn Solar project located on EVRAZ North America's property. The solar installation created about 300 construction and permanent jobs and is anticipated to provide \$22 million in new property tax revenue over the project life.

The last unit at Comanche is approved to retire no later than Jan. 1, 2031, decades ahead of schedule. As part of an agreement around that plan, we will provide ten years of property tax payments through 2040 to account for the accelerated retirement of Comanche 3 and will explore locating the unit's replacement power in Pueblo.

Focus on Economic Development

We develop strong partnerships with local, state and regional economic development organizations to support opportunities for customer and economic growth.

Our Corporate Economic Development team focuses on serving top industry clusters that represent the leading employers and capital investors within our service area. Within these industry clusters, we helped establish 20 projects in 2021 across the eight states we serve, resulting in more than \$1 billion in capital expenditures that will benefit our communities.

To enhance our relationships with these industries, we track their growth trends to help identify new service options and programs and build in-depth customer analytic reports to better understand their individual needs. We also host business expansion and retention meetings with our key commercial accounts to strengthen existing relationships and explore matters that are of mutual interest that may go beyond energy.

Through our real estate programs, we accelerate the process of locating a business by offering site options that have already undergone a robust and credible certification protocol. We work directly with site representatives, including landowners, developers, municipalities and economic development organizations to develop data and complete the certification process. A nationally recognized site selection expert reviews the reports and validates the data. Information on **Xcel Energy's Real Estate Programs** is available on xcelenergy.com.

The programs help our communities attract capital investment and create new high-paying jobs. Several major business projects located to Xcel Energy certified sites or ready buildings in 2021, including:

- Medtronic broke ground on a new 42-acre campus in Lafayette, Colorado, that will span 400,000 square feet and be equipped with sustainability features such as electric vehicle charging stations, solar parking canopies and energy efficient lighting and building systems. Once construction is complete later in 2022, the facility will be Medtronic's second largest site in the United States, employing approximately 1,100 people.
- Amazon will build and expand three facilities in our Colorado, Minnesota and Texas service areas. Each facility will have new electric vehicle charging stations to support employees and fleet operations.
- Henry Repeating Arms is expanding its operations in an Xcel Energy ready building, an 84,000 square foot manufacturing facility in Ladysmith, Wisconsin. The new location is expected to employ more than 100 people in the area within three years.

Partners in Energy

A growing number of local governments have set sustainability or greenhouse gas reduction goals, and we can help our communities get there. Our Partners in Energy program provides municipalities a framework for working directly with local stakeholders and community officials to help them identify and achieve their energy-related goals through action plans.

These community partnerships not only help municipalities, but they help raise awareness for and increase participation in Xcel Energy's conservation, electric vehicle, renewable choice and payment programs. We provide tools and resources to help communities leverage our programs as well as our energy investments through opportunities such as the Certified Renewable Percentage, which lets them claim the full benefit of our increasingly clean energy mix, and the rollout of residential smart meters, which can help customers save energy and lower their bills.

As part of the program, community stakeholders bring their ideas and resources to facilitated workshops where Xcel Energy experts listen, provide direction and offer project management capabilities. Based on community priorities and available local resources, we develop implementation plans that identify opportunities where Xcel Energy's products and services can help communities reach their goals. We use our entire portfolio of energy solutions to put the community plans into action and track and report progress.

To build community buy-in and increase awareness and participation in sustainable programs, we deploy strategies, such as educational workshops, outreach at local events, and promotional support, including newsletters or canvassing.

Partners in Energy continues to expand into additional communities and improve the services it offers. So far, we have partnered with community teams to develop energy action plans in 41 Colorado communities, 34 Minnesota communities and four Wisconsin communities. For targeted topics that have broad applicability, we share the tools and resources provided under Partners in Energy with all communities, regardless of whether we have developed an energy action plan with them, so they can also apply the same options toward meeting their clean energy goals.

Colorado Community Resiliency Initiative

Communities are creating resiliency plans that better prepare them for extreme weather events, such as severe storms, wildfires or floods. One of the most critical components during these potential events is a stable, secure power supply. In Colorado, our Community Resiliency Initiative will support critical infrastructure during a disaster by using energy storage systems to deliver backup power.

In 2019, we invited communities across the state to apply for the opportunity to partner in the development of battery-based microgrids to supply power for select facilities in the event of a wide-scale electrical outage. A microgrid is an electrical system containing multiple generation sources and loads that can either be connected to the power grid or intentionally separated from the power grid or "islanded".

Our community resiliency microgrids will provide backup power to a resiliency center by incorporating on-site renewable generation such as rooftop PV, traditional backup generators and battery storage systems. Customer owned generation will be combined with Xcel Energy owned energy storage systems. When not being used in emergency situations, the microgrid assets can be leveraged to supply benefits to the greater power grid.

We anticipate the Community Resiliency Initiative to provide multiple benefits for customers and the communities we serve. This includes improving outage restoration times, securing facilities' power supplies, advancing clean energy and clean energy jobs, and strengthening and improving grid resiliency. Moreover, the projects provide the opportunity to study the potential value in deployment of resiliency-focused energy storage systems on a broader scale.

The Colorado Public Utilities Commission approved our request in November 2020 to develop microgrids at six sites across our Colorado service area. The sites range from rural locations, to mountain communities, to the Denver metro area and include a variety of facilities, such as community centers, event centers and transportation hubs. Since that time, we've made progress designing the systems and procuring equipment and are beginning installation. We expect to have the projects completed by early 2023.



Community Involvement

Year after year, Xcel Energy and its employees step up to support communities and nonprofit organizations by contributing their time, talent and financial resources.

The spirit of service shines at Xcel Energy. Whether it's delivering reliable, affordable, safe, clean energy to homes and businesses or giving back to the communities we serve, making a difference is an integral part of our DNA.

Through Xcel Energy and the Xcel Energy Foundation, we donate millions of dollars that address needs unique to each community, maximizing our impact with employee giving and volunteer programs. Every full-time employee is given up to 40 hours of volunteer paid time off each year. The foundation will also match their contributions dollar for dollar to eligible nonprofit organizations and higher education institutions. We provide our retiree network ways to give back, too.

Being involved in our communities keeps us connected. And when our communities thrive, our business and our people thrive. From recruiting top talent and empowering our workforce to ensuring our communities are strong, vibrant and inclusive, we are committed to making a positive impact.

Governance

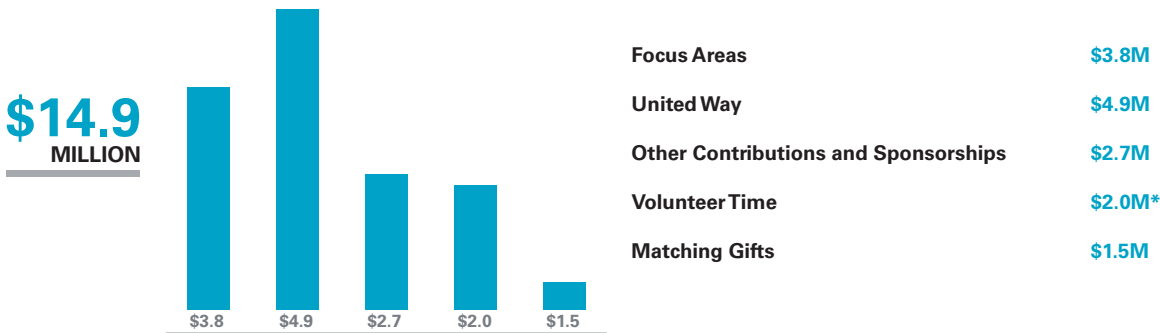
The Xcel Energy Foundation Board oversees the foundation's charitable giving and volunteer programs. The board has four officers, with Xcel Energy's CEO serving as the foundation's chair and president, and seven directors, including the CEO, group president of utilities and chief customer officer, and chief human resources officer, along with the four operating company presidents. The board meets annually to review financial statements and approve the annual budget. It also sets policy on multiple items, including the level of matching funds for employee contributions.

Highlights

- Through its focus area grants, the foundation funded programs in 2021 that are projected to provide 1.5 million K-12 students with hands-on science, technology, engineering and math education; help nearly 8,000 individuals gain employment; improve nearly 20,000 acres of rivers, habitats and parks; and provide 1.8 million people with free or reduced-cost access to the arts.
- Although volunteer opportunities remained limited due to the COVID-19 virus, Xcel Energy employees continued to support their local communities, volunteering 70,000 hours—a 9% increase over 2020—and supported nearly 1,000 nonprofit organizations, with an estimated economic value of \$2 million. They also served on more than 500 community, chamber and nonprofit boards, totaling 26,000 hours.
- Through its economic sustainability focus area, the foundation awarded a \$40,000 grant to the Metropolitan Economic Development Association, which provided access to capital and technical assistance for ethnically or racially diverse businesses in the Twin Cities metro area and throughout Minnesota.
- Following the devastating wildfires in Boulder County, Colorado, that ignited Dec. 30, 2021, volunteers distributed water and 20,000 electric heaters to customers without natural gas service. The foundation also donated \$100,000 to the American Red Cross to aid recovery efforts.
- In partnership with the Denver Foundation, the company awarded \$66,000 to three Colorado organizations to fund renewable energy projects in the state, including solar installations at a low-income housing development and materials reuse center, as well as an off-grid monitoring system at a school.
- For the seventh consecutive year, the company sponsored Girls & Science, an annual event in Denver that promotes STEAM (science, technology, engineering, art, math) learning and career pathways to thousands of young girls. The event, which attracts more than 4,000 girls and their families, transitioned to a virtual setting in 2021 and offered a free month-long program. By removing travel and income barriers, the event increased participation and parity, allowing more girls, diverse groups and vulnerable populations to learn about STEAM careers.
- The foundation awarded an \$18,550 grant to the Confluence Council in Eau Claire, Wisconsin, to support the organization's STEAM Educational Program. Through the help of Xcel Energy, the organization hosted 21 summer camps for over 300 students, offering programs that teach multiple subjects from language and culture to coding and robotics.
- To show economic support for the South Dakota agricultural community, employees helped serve lunch to more than 3,000 farmers and ranchers at the Sioux Empire Fair on Ag Appreciation Day. Agriculture is South Dakota's largest industry and a key customer segment for the company. We have supported the event for approximately 10 years.
- During its 50th anniversary celebration, Los Barrios de Amarillo selected Xcel Energy as the winner of its Business Community Service Award. Los Barrios helps students of all ages in the Texas Panhandle develop career paths and achieve their professional goals. Xcel Energy supports the Los Barrios community through volunteerism, sponsorships and grant funding.
- Following Winter Storm Uri in Texas, the foundation allocated \$10,000 for disaster relief funding. Amarillo Housing First received a \$5,000 grant to provide shelter to those experiencing homelessness during inclement weather. Guyon Saunders Resource Center also received a \$5,000 grant to supply an outdoor warming station and essential items to vulnerable populations during cold spells.

The Xcel Energy Foundation, our company, employees and retirees contributed approximately \$14.9 million to communities in 2021, including the value of volunteer time.

2021 Total Community Investment



*Based on Independent Sector's 2021 Value of Volunteer Time.

Learn more about how the company supports customers in the [Customer Commitment brief](#), as well as its support for local economies in the [Community Relations and Economic Development brief](#) in Xcel Energy's Sustainability Report. Xcel Energy is strongly committed to addressing racial equity and social justice. Find information about our focus on this priority in the [Diversity, Equity and Inclusion brief](#).

Xcel Energy Foundation

The Xcel Energy Foundation is our company's charitable arm that oversees giving and volunteer programs. Its mission is to use the collective knowledge, resources and skills within Xcel Energy to make a positive impact in communities throughout our service area.

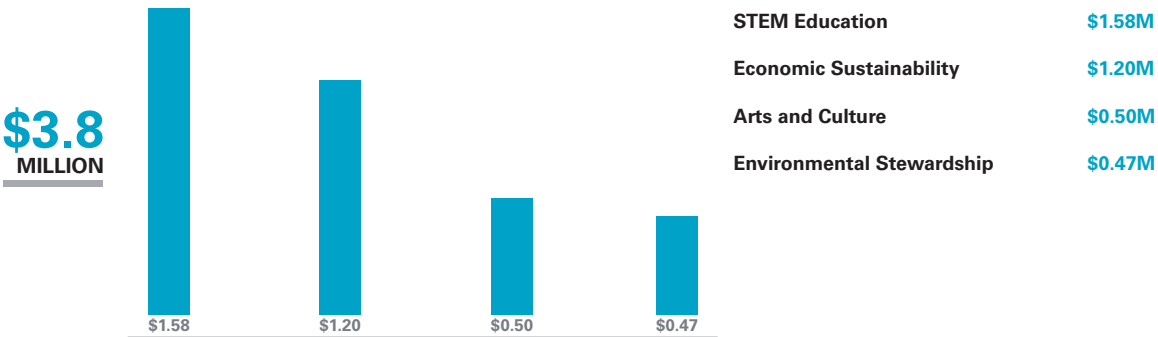
For the past several years, the foundation supported nonprofit 501(c)(3) organizations in the areas of: education, economic sustainability, arts and culture, and environment. To better align with the company's business priorities, and reflect our diversity, equity and inclusion (DEI) commitments, the foundation partnered with Changing our World, a social impact consulting firm, in addition to the Xcel Energy Foundation's Board of Directors and stakeholders, to evaluate and improve our grantmaking strategy and overall community impact. The revised giving framework, Energizing the Future, strategically targets our foundation giving within three focus areas:

- **STEM Career Pathways:** Ensuring students have exposure and access to equitable and high-quality STEM (science, technology, engineering and math) education and training opportunities is critical to our company's mission and future success. This focus area supports programs and services that expand STEM education and trade school opportunities, and connect emerging and existing talent to STEM and technical careers.
- **Environmental Sustainability:** Protecting the environment for future generations is central to our business. This focus area minimizes environmental impacts among vulnerable populations by supporting programs and services that protect air, water and land through sustainability initiatives, conservation, education and more.
- **Community Vitality:** Creating economically healthy and vibrant communities that allow individuals and families to live full and productive lives is essential. This focus area supports programs and services that address economic prosperity, fosters arts and cultural expression, and advances inclusion, especially for underserved populations and diverse artists.

For each of the three focus areas, we will continue to incorporate DEI. For example, we will invest in programs and organizations that support minority groups, improve natural habitats in low-wealth areas, and provide free arts and culture offerings to marginalized groups, and support the entrepreneurial efforts of ethnically or racially diverse business leaders.

The foundation granted more than \$3.8 million to 400 501(c)(3) organizations that align with one or more of our focus areas in 2021.

2021 Total Focus Area Grants



We understand Xcel Energy is only as strong as the communities it serves. That is why in addition to launching this new giving program framework, we are exploring ways to modify funding for larger, strategic partnerships while still maintaining a portion of the budget for the smaller grants, growing our budget to meet new program goals, and updating measurements to support new program goals, including DEI integration.

To further demonstrate Xcel Energy’s commitment to the improvement of our philanthropy, community impact and stakeholder engagement, the foundation increased its focus area grant budget from \$3.8 million in 2021 to \$4.4 million in 2022. We also provide funding to address unique needs in our communities that may arise throughout the year, such as Winter Storm Uri in Texas.

Employee Involvement

Our employees are active members of the communities where they live and work. We support this commitment by offering several programs that encourage their involvement, including:

- **Volunteer Paid Time Off (VPTO):** Full-time employees are eligible for up to 40 hours per year to volunteer for nonprofit organizations or educational institutions to support communities within the eight states we serve.
- **Dollars for Doing:** The Xcel Energy Foundation matches each hour an employee volunteers outside of work hours with a \$10-per-hour contribution to the nonprofit, up to 100 hours annually per employee.
- **Volunteer Energy:** Groups of employees and retirees that volunteer together on a project are eligible for Volunteer Energy funding from the Xcel Energy Foundation of up to \$1,000 annually, which goes to the associated nonprofit in appreciation for the volunteer effort.
- **Matching Gifts:** The Xcel Energy Foundation matches dollar for dollar any employee and retiree charitable donations of \$50 or more, up to \$750 for nonprofit organizations and up to \$2,000 for higher education institutions.
- **United Way:** The Xcel Energy Foundation sponsors an annual United Way campaign and matches dollar for dollar the donations of employees and contractors and a half dollar for every dollar donated by Xcel Energy retirees.
- **Day of Service:** Xcel Energy hosts a special volunteer day where employees, retirees and customers demonstrate collectively their community spirit.
- **Board Service:** Throughout our service territory, we currently have hundreds of employees serving on nonprofit boards, with some employees serving on multiple boards.

United Way

The United Way campaign is Xcel Energy's largest charitable endeavor, raising millions of dollars for nonprofit organizations and United Way chapters every year.

The 2021 campaign was one of the company's most successful yet, with employees, contractors and retirees pledging \$2.6 million. Combined with the foundation match to local United Way chapters, that equals \$4.9 million to support nonprofit organizations that play a fundamental role in creating stronger, more equitable communities. In addition to exceeding the campaign's fundraising goal by 12%, the company also surpassed its participation goal with 46% of our workforce choosing to participate. Each state also increased its overall giving over the previous year.

Altogether, this was the ninth consecutive year the campaign hit the \$2.5 million mark in annual employee and retiree pledges. The company also awarded an additional \$34,000 to charities through the Participation Prize Grants. Three times throughout the five-week campaign, one employee from each operating region was randomly selected for a grant, which they donated to a nonprofit of their choice.

Day of Service

Every year, thousands of Xcel Energy employees, their family members and friends, along with retirees and customers, volunteer for our annual Day of Service. The company carried over its safety protocols from the previous year, offering in-person and remote volunteer opportunities at its 11th annual event. More than 3,400 people volunteered 10,200 hours to support 110 nonprofit and community organizations in all eight states we serve. From assembling hygiene kits and making blankets to packing meals and revitalizing nature trails, volunteers had a variety of projects to choose from, many of which were family-friendly. Volunteers packed 200,000 meals for families, assembled 17,000 hygiene kits, distributed 10,000 pounds of food, assembled 4,200 veteran ribbons and more.

Unlike in 2020, the company was able to safely open a limited number of volunteer spots to community members in Minnesota and Colorado. Those who could not participate in person were invited to download the Good Energy Pledge, committing to acts of gratitude and service, and were entered into a random drawing to receive a grant to donate to a Day of Service participating nonprofit of their choice. Altogether, the volunteer contribution made to our nonprofit partners during the event totaled \$291,000 based on Independent Sector's 2021 Value of Volunteer Time.



Human Capital Management

Xcel Energy employees are the driving force behind our company's success.

Every member of the Xcel Energy team plays an important role in delivering on our three strategic priorities—to lead the clean energy transition, enhance the customer experience and keep customer bills low.

Our industry is being transformed every day through technological innovations and employee ingenuity, and we are embracing both in our quest to become a net-zero energy provider by 2050. Over the next five years, we will invest more than \$500 million in industry-leading, employee-facing technologies that elevate our work culture and provide the business with more sophisticated data analytics for building and retaining our workforce. We are also pursuing strategies that promote innovation, collaboration and continuous improvement. Our agile approach to implementing these new strategies and tactics allows us to pivot as changes unfold internally or when unforeseen events occur in the world.

Regardless of how our environment changes, the core of who we are remains unwavering. As a team, we've worked hard to build an inclusive culture that supports and fosters diversity, growth, development and a sense of purpose. That sense of purpose and our core values—connected, committed, safe and trustworthy—guide everything we do to serve our customers, communities and our employees.

Governance

The Governance, Compensation and Nominating (GCN) Committee of the board of directors oversees the company's human capital management and annually reviews our workforce strategy, including diversity, equity and inclusion initiatives, employee engagement survey results, and management's incentive plan. The GCN Committee is also responsible for ensuring succession plans are in place for executive management and critical roles and that development is ongoing to identify and prepare a strong, diverse pipeline of future leaders. Within Xcel Energy, the chief human resources officer is responsible for workforce strategy and reports to the CEO.

Highlights

- For the ninth consecutive year, Xcel Energy is recognized as one of Fortune magazine's World's Most Admired Companies. For the 2022 listing, we are ranked as the second most admired electric and natural gas provider in the country.
- We have expanded our reach and attracted top talent from new markets and schools. In total, we interviewed more than 9,000 prospective employees this past year with a 93% acceptance rate from preferred candidates.
- Most of our recruiting is through job fairs and employment events in the states we serve. In 2021, 95% of new hires came from within those states, supporting our local communities.
- Nearly 7,900 employees participated in our fall 2021 employee engagement survey. This recurring survey enables us to quickly act on emerging issues and employee needs.
- More than 70% of eligible employees are currently on a flexible work schedule that enables them to split their time between working on-site and telecommuting.
- Our full-time and part-time employees completed 310,000 hours of training in 2021, an average of 25 hours per employee. Company leaders received 2,700 hours of training focused on managing their teams and their continued professional growth and development as leaders.
- Through Connect4 Performance, 98% of non-bargaining employees met with their leaders during the year to discuss their job performance and contribution to business objectives, as well as their professional development goals.
- Employees volunteered more than 12,000 hours in 2021 through our Volunteer Paid Time Off program, which offers full-time employees up to 40 hours a year of paid time to support eligible nonprofit organizations.
- As we move away from generating electricity with coal, we are partnering on strategies to support workers and communities currently dependent on coal. Xcel Energy's **Position Statement on Transitioning Out of Coal Responsibly** focuses on helping sustain local tax base and offering employees retraining and relocation opportunities. We work extensively with impacted employees throughout the company, engaging them in conversations and offering transition resources, identifying potential new career tracks, and analyzing skill gaps. To date, we've retired coal operations at seven plants with no layoffs.

Returning to the Workplace

When the COVID-19 virus first emerged in early 2020, we quickly transitioned nearly 7,000 employees, approximately 60% of our workforce, to work from home. Throughout 2020 and 2021, we returned small groups of employees working from home back to the workplace so that necessary on-site work could continue.

In early 2022, the company determined that conditions were such that all remaining employees could safely return to the workplace effective March 7, 2022. We also lifted our mandatory social distancing and masking requirements in accordance with health and safety guidelines, making distancing and masking optional based on employee preference.

Our transition back to the workplace went very smoothly due to months of advance preparation. A dedicated intranet site provided employees with resources, such as a guidebook that outlined health and safety protocols, emotional well-being support resources, and technology tips for working in the new environment. Upon returning to the workplace, non-bargaining employees could choose to join a new hybrid flexible work program that enables them to work on-site part of their work schedule and telecommute the rest, depending on business needs. This hybrid model respects our employees' desire for increased workplace flexibility while also fulfilling the company's goal of in-person collaboration. In addition, we are piloting modern workspaces at our largest facilities to encourage collaboration when people are on-site.

Workforce Profile

Xcel Energy had 11,357 full-time and part-time employees supporting its eight-state service area at the end of 2021, with approximately 44% of the workforce represented by bargaining units.

Xcel Energy Employees by State



Colorado **3,853**

Michigan **21**

Minnesota **4,644**

New Mexico **256**

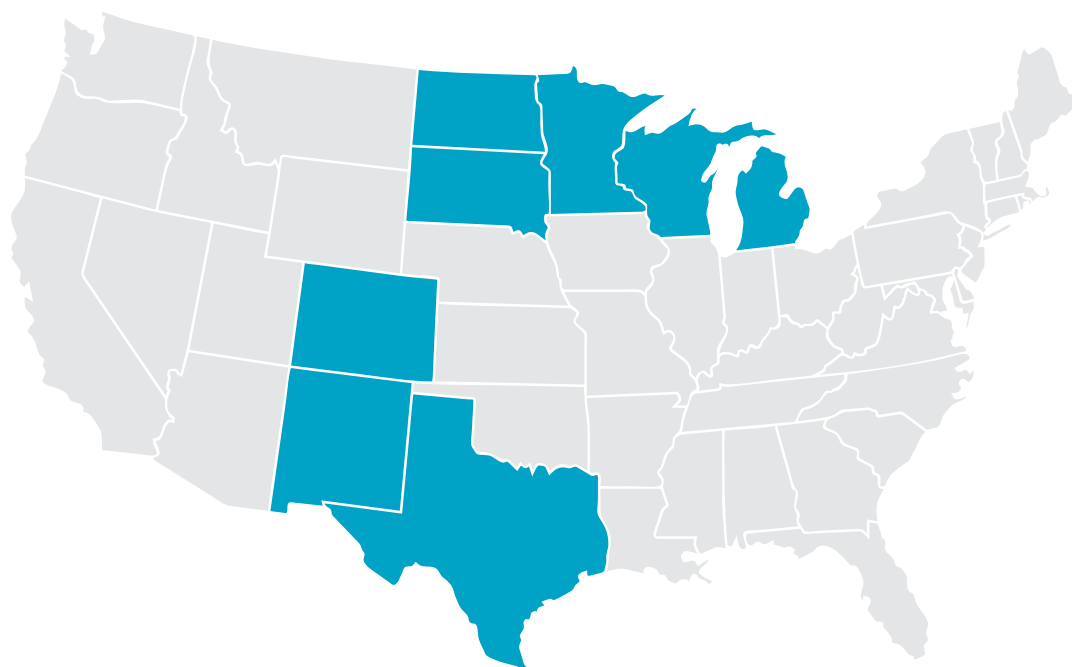
North Dakota **107**

South Dakota **95**

Texas **1,455**

Wisconsin **918**

Other **8**



For a more detailed breakdown of our workforce, please see the [Data Summary](#) in Xcel Energy's Sustainability Report.

Strategic Workforce Planning

We take a strategic, data-driven approach to planning that ensures we have the right workforce size and skill set to serve our customers, engage with our stakeholders, meet business objectives and manage potential risks.

Turnover Projections

The average employee turnover in 2021 was 8% for bargaining employees and 15% for non-bargaining employees. Approximately 31% of employee turnover was from retirements, 58% was from resignations and the remaining 11% included turnover for other reasons, such as unsatisfactory performance, misconduct, severance or death.

We project that approximately 26% of employees will be eligible to retire over the next five years and 40% over the next 10 years. Those projections are incorporated into our five- and 10-year workforce plans.

Responsibly Managing the Transition to Clean Energy

As we early retire coal-fueled power plants and shift to cleaner sources of energy, this transition impacts our employees. We try to avoid negative impacts to our workforce by taking a proactive approach to managing plant retirements and have closed coal operations at seven plants to date with no layoffs.

Each transition is unique and requires special attention and consideration. To support employees in finding potential new career paths, we analyze skills and offer resources such as on-the-job training, upskilling or reskilling opportunities, and tuition reimbursement to address gaps. We give impacted employees time to explore potential roles and work locations and support their career aspirations through development discussions. We also work closely with bargaining unit management to help mitigate impacts to pay or seniority when employees transition roles, particularly when they are changing union locations or job classifications.

Succession Planning

We thoughtfully and deliberately provide career advancement opportunities to our employees while also hiring employees from outside the company to infuse new, skilled talent into our workforce. Positions are filled strategically with qualified internal and external candidates, based on company needs.

To support our goals around business continuity and intentional employee development, the company conducts annual talent reviews and comprehensive succession planning for key positions. Each business area analyzes its key jobs and identifies potential successors based on their long-term performance, leadership potential, skills and career aspirations. Nearly 2,000 leaders and individual contributors were reviewed in 2021, with approximately 1,000 “ready now” successors identified for various company positions. This includes 119 potential qualified successors for 166 of our most essential positions.

Data Analytics

Human Capital Reports are regularly provided to senior leaders to make informed decisions on staffing. The reports include information on employee demographics, performance, headcount and attrition trends within their organizations. As needed, company-wide analyses and modeling is provided on potential operational scenarios for near- and long-term workforce planning discussions and decisions.

Attracting Top Talent

Through our recruitment and workforce strategy, we help foster the culture and develop the skills and competencies needed to achieve our vision of providing energy with net-zero emissions by 2050.

Recruiting Initiatives

Despite the logistical challenges brought about by the pandemic, our company was able to continue successfully building a strong talent pipeline and maintain our talent recruitment initiatives in 2021.

We attended 40 in-person career fairs and outreach events last year, plus 60 virtual events. By leveraging technology through the virtual sessions, we have expanded our reach and attracted top talent from new markets and schools. In total, we interviewed more than 9,000 prospective employees with a 93% acceptance rate from preferred candidates. External candidates filled approximately 70% of our open positions, with internal candidates filling the rest.

To support the communities where we operate and maximize our return on investment by reducing relocation costs, a significant portion of our recruitment outreach each year is through job fairs and employment events in the states we serve. In 2021, 95% of new hires came from within those states.

We also partner with schools, community and educational organizations to hire high school and college interns as part of our work to build a more diverse workforce and inclusive culture. Learn more about internship programs and recruiting in the [Diversity, Equity and Inclusion brief](#) in Xcel Energy's Sustainability Report.

Careers Website

Employees have a multitude of opportunities at Xcel Energy to live out their values and make a positive impact on society. Conveying these messages can help attract top talent with values aligned with ours—committed, connected, safe and trustworthy—and who are equally passionate about making a tangible positive impact on our society, community and environment.

To attract highly skilled talent, we use our [Xcel Energy Careers website](#) to share our Employment Value Statement and bring it to life for prospective employees. The site provides easy access to all open positions and offers a look into different career paths, as well as opportunities for professional growth and recognition. Just as importantly, it conveys our sense of purpose. Through compelling stories, images, videos and testimonials, we reveal how we are working to shape the future of energy, partner on electric vehicles, protect wildlife habitats, and build strong communities and educate students. We added Xcel Energy's annual Sustainability Report to the Making a Difference section of the site in 2021 to increase awareness and transparency regarding how we manage our economic, environmental and social impact on issues important to our stakeholders.

Employment Value Statement

You. Us. Together.

At Xcel Energy, we're more than an energy company. We're reinventing how we power communities. Redefining how we care for customers. Reaffirming our commitment to the planet. We're committed to leading with equity and inclusion.

You're not waiting for change—you're creating it. You're driven to protect the environment, support your community, and seek innovation. You want a career that grows with you and an employer who values you. You are reliable, trustworthy and bring integrity to everything you do.

We are leading the way in clean energy. We're using technology and innovation in every facet of our company. We're providing safe, stable jobs with robust benefits. We keep our customers at the center of all we do. We're committed to hiring a workforce that reflects the communities we serve.

Together, we can provide carbon-free electricity by 2050. Together, we can take care of the environment and our communities. Together, we can create a place where everyone belongs. Together we're building a better tomorrow.

Workplace Flexibility

We embrace the concept of flexible work and recognize that employees value having a more flexible work schedule. Where job responsibilities allow, we provide employees the opportunity to opt-in to a new hybrid flexible work program that allows them to work on-site part of their work schedule and telecommute the rest. Participating employees design their personal telecommuting schedules, in collaboration with their leaders. More than 70% of eligible employees are currently on a flexible work schedule.

Talent Development and Learning

Once employees join the Xcel Energy team, we want to provide challenging and rewarding work for them and support them in achieving their career goals. To enable that, we offer meaningful feedback through quarterly performance discussions and extensive training and engagement opportunities to develop their skills and help them grow professionally.

Performance Feedback

Connect 4 Performance (C4P) is a progressive approach to performance management for employees. It focuses on open, meaningful and frequent conversations between employees and their leaders, which are proven to be more effective than traditional year-end annual reviews.

At the start of the year, our non-bargaining employees set performance goals that align with the priorities of the company and their business areas. Each quarter, they meet with their leaders to discuss their successes, progress made toward achieving performance goals, the impact of their work on the business, professional development plans, and how their work and performance demonstrates company values. In 2021, 98% of non-bargaining employees held Quarterly Connection C4P conversations with their leaders.

Performance-based Incentives

Xcel Energy has a pay-for-performance philosophy that rewards top performers with larger incentives and other recognition. Exempt, non-bargaining employees who go above and beyond and achieve results aligned with company goals can earn cash-based awards through our Annual Incentive Plan.

- Year-end Awards reward eligible employees for achieving individual goals, as well as contributing to business area and company goals. This includes an employee's contribution toward the company's annual performance indicators, which in 2021 were associated with enhancing the customer experience, keeping bills low, improving reliability and safety, and achieving our diversity, equity and inclusion metric.
- I Deliver and Innovator Awards recognize eligible employees and work teams throughout the year for specific, outstanding contributions that deliver greater than expected results and move the business forward. The contributions typically include implementing innovative, high-impact solutions or projects that produce significant savings or other customer benefits.
- Non-exempt employees who go above and beyond are eligible for Spot-On cash bonuses.

Employees produced outstanding results in 2021 that contributed to Xcel Energy achieving its goals. To recognize their performance, we awarded over \$8 million in I Deliver and Innovator Awards to more than 40% of exempt employees and more than \$650,000 in Spot-On bonuses to 40% of non-exempt employees.

Learning Opportunities and Job Training

We embrace continuous learning and are committed to building and maintaining a culture that fosters learning and growth and provides employees with support to pursue higher education, as well as extensive job specific training and professional development opportunities. Learning Central, our online company-wide hub for learning opportunities, makes it easy for employees and contractors to access our e-learning, virtual and instructor-led resources. Through Learning Management System technology, we streamlined our training assignment, tracking and reporting processes. Last year, our full-time and part-time employees completed 310,000 hours of training, an average of 25 hours per employee, including required training on topics such as safety, the Code of Conduct and cybersecurity.

In early 2022, we launched Degreed and LinkedIn Learning. Degreed is a skill-centric, learning-experience platform that enables employees to build custom skill profiles and access a wide range of learning and development content. LinkedIn Learning is a leading content provider for Degreed, offering a large selection of online, expert-led courses, articles and videos.

Learning Opportunity	What It Includes
Internal Training Programs and Learning Opportunities	<p>We offer employees nearly 18,000 resources and tools to increase their job skills and knowledge and support their personal and professional development. Depending on job responsibilities, some of these courses are mandatory. Offerings include technical and computer-application training, professional and management training, compliance-related education, safety and compliance-related classes, and more. To sustain nuclear excellence, we provide classroom, simulator and on-the-job initial and refresher training for 12 accredited programs through apprenticeships and the Nuclear Regulatory Commission.</p> <p>For our bargaining employees, we offer Line, Substation, Gas and Energy Supply initial on-the-job training apprenticeship programs, as well as refresher skills training.</p>
Rotational Career Development Assignments	High-performing employees can expand their skills and knowledge through cross-functional experiences that allow them to learn on the job. Employees can view and pursue these experiential development opportunities through our internal job posting system.
Higher Education Support	Tuition reimbursement is provided to all full-time and part-time non-bargaining employees and to bargaining employees whose contracts provide for it. The program pays 80% of tuition for qualifying courses in approved degree programs at accredited higher education institutions (up to \$5,250 per year for full-time or \$2,625 per year for part-time employees).

Leadership Development

Inspirational and courageous leaders that hold employees accountable for achieving results are foundational to our workforce strategy. Company leaders received 2,700 hours of training last year on a broad range of topics, focused on their continued professional growth and development as leaders. We continuously update our development offerings for leaders, and those who aspire to be leaders, to help them grow throughout their careers at Xcel Energy.

Development Opportunity	What It Includes
Leader Training for all Levels	Training is provided to leaders of all levels to help them learn, grow professionally, and ultimately achieve better results. In 2021, more than 330 leaders completed at least one core leadership course.
On Demand Development Resources	Our Manager Resources website is a one-stop shop for resources, information and collaboration tools to make the job of leading people and managing a function easier. The site provides access to development resources for more than 30 leadership topics, including new tools for leading virtually.
EXPLORE Pathway for Aspiring Leaders	An Exploring Leadership Learning Path (EXPLORE) is available for employees who aspire to leadership and want to learn more about being a successful leader. Using self-paced, easy-to-digest learning content, the program is designed around Xcel Energy's five Leadership Expectations: Strategist, Self-Management, Talent Management, Relationship Management and Operations Management. More than 170 employees began their EXPLORE journey in 2021, the inaugural year of the program.

Employee Listening and Engagement

Two-way communication with the workforce is vital to providing a supportive and inclusive work environment. We use a variety of mechanisms to gather feedback and ideas from our employees, encourage collaboration, and improve throughout the year.

Employee Listening Initiative

Since launching in 2019, our Employee Listening Initiative has included onboarding surveys, exit surveys and annual employee engagement surveys. That cadence enables us to obtain feedback throughout the year and at major milestones during an employee's career with Xcel Energy to identify where we are making progress and where additional action is required.

The engagement survey gathers feedback on a comprehensive set of work culture topics, including multiple questions on inclusion and safety—two of our top priorities. All bargaining and non-bargaining and full-time and part-time employees, as well as interns, are invited to participate and provide feedback. Nearly 7,900 employees participated in our last survey. Given increased turnover experienced by employers across the country in 2021, we added a question to gauge if employees intend to remain working at the company. We were pleased to receive an above-average score and many positive comments from employees.

Employee Innovation Challenge

Innovation is a core tenet of how we work, and across the company, teams leverage their expertise to make our company even better and achieve our net zero goal. One way we celebrate the impact that innovation and engagement has on our business is through the Employee Choice Innovator Award, which honors projects in which employees collaborated to develop new ways of working that benefited Xcel Energy, our employees and customers. Each year we ask employees to tell us what efforts they thought made the strongest contributions. In 2021, three of the four nominated project teams were alumni of the last year's Innovation Challenge, in which employees pitched their ideas to senior leadership to earn investments of time, finances and other support. Employees made their voices heard and the 2021 Employee Choice Innovator Award went to the GPS Data Collection project, which promoted new technology for enabling more precise location of underground energy infrastructure.

Progressive Non-salary Benefits

We offer progressive programs that help our employees manage their work and personal lives. The programs are assessed annually, and new features are added as needed to meet changing needs and maintain our leadership position in this area.

What We Offer	Description
Paid Parental Leave	We offer a parental leave policy, to new fathers and mothers. Our program provides up to four weeks of additional paid time off for full-time non-bargaining employees and two weeks of additional paid time off for part-time non-bargaining employees to help them bond with a new child in the family, whether it is through birth, adoption or fostering. In 2021, 219 employees took advantage of this benefit. More information on program participation and return to work rates is provided in the Data Summary in Xcel Energy's Sustainability Report.
Adoption Assistance	In addition to six to eight weeks of paid maternity leave, we offer an Adoption Assistance Program to help employees pay for services associated with adopting a child. Our program reimburses employees for eligible expenses up to \$2,000 for full-time employees and \$1,000 for part-time employees. It is available for non-bargaining employees and bargaining employees, as allowed by their negotiated bargaining agreement.
Dependent Care Referral	Employees can receive referrals to child and elder care providers in their area through our Employee Assistance Program (EAP).
Paid Time Off and Employee Assistance Donation Bank	<p>Paid Time Off (PTO) encompasses traditional vacation, personal-day and sick-day programs for non-bargaining employees. PTO can be used for a variety of reasons, such as illness, doctor visits, vacation or personal use.</p> <p>Xcel Energy also has a PTO donation program, designed to provide eligible non-bargaining employees with a means to donate earned and accrued PTO, as well as to apply for donated PTO. It is intended to assist employees who have exhausted their paid time off and are subject to severe loss of income because of continued absence from work due to a catastrophic event or serious health condition affecting them or their family members.</p>
Floating Holidays	Non-bargaining employees receive floating holidays to use in recognition of days that are personally important to them for religious, patriotic or other personal reasons.
Volunteer Paid Time Off	We provide all full-time bargaining and non-bargaining employees up to 40 hours of paid time off each calendar year for time spent during normal business hours volunteering to help an eligible 501(c)(3) or educational institution.
Military Time Away from Work	Xcel Energy provides enhanced military time away from work policies for employees currently serving in the National Guard or Reserves. While away, employees are paid the difference between their base pay and their base military pay for up to 24 months. They also have the option to use 15 days of military leave to ensure there is no interruption of pay during their mandatory two weeks of annual training.
Subsidized Mass Transit Monthly Passes	Xcel Energy offers discounted mass transit passes for employees at our two largest employee locations, providing them with cost savings and supporting community goals to improve air quality and reduce carbon emissions.

Long-term Financial Well-being	<p>Xcel Energy is committed to supporting employees' long-term financial well-being, for both bargaining and non-bargaining employees. We offer a defined benefit pension plan, in addition to a 401(k) savings plan and match. We continue to contribute to these plans at market-appropriate levels and partner with employees to help them save for the future, unlike many employers who have frozen pension plans or reduced contributions to 401(k) accounts.</p> <p>Our pension plan is 100% funded by the company and includes a 5% cash balance plan for new employees and legacy formulas for employees under previous plans.</p>
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Employee Health and Safety

Physical Well-being

We offer multiple benefits to support the health of our employees, including medical, dental and vision plans, as well as programs to encourage healthy lifestyles.

Our medical plan provides comprehensive coverage and encourages preventive care to identify health issues early. The plan also offers employees and their covered dependents the option for online and virtual or telephone visits with a medical professional 24 hours a day, seven days a week.

The plan for bargaining and non-bargaining employees includes the following*:

- High Deductible Healthcare Plan (HDHP) with reasonable and affordable premiums and pretax Health Savings Account (HSA)
- Dental plan that includes subsidized basic and enhanced dental plan options
- An optional vision plan
- Well-being programs that support healthy behaviors and offer fitness center reimbursements, wellness coaching, tobacco cessation, weight management, diabetes management and flu shots

*Bargaining unit benefits are based on contracts negotiated with specific local unions. The Southwestern Public Service bargaining unit is on a different medical plan than the rest of the company, per its negotiated contract.

Emotional Well-being

Beyond supporting physical health and our medical plans, Xcel Energy provides all employees with a wealth of resources to support their mental health and emotional well-being. These resources include the Employee Assistance Program (EAP) and on-demand, virtual wellness resources from vendor partners such as meQuilibrium and Sleepio. Starting in 2022, we enhanced the EAP to make it easier and faster for employees and their families to get the support they need. The network was expanded to include additional digital resources and virtual coaching. A new program was added to enhance the support available for families with children and teens. Through the EAP enhancements, we are addressing health equity by making the programs available to all employees at no cost. Employees can access all mental health resources through our user friendly Xcel Energy Emotional Well-being website.

Employee Safety

Based on the latest research and best practices for preventing serious injuries, we focus on building a culture where our employees and partners have open, transparent conversations and where they feel comfortable sharing details about their injuries and near misses so that we can learn from those situations and collaborate to prevent future occurrences. We provide details on our Safety Always approach in the [Employee Safety brief](#) in Xcel Energy's Sustainability Report.

A Culture of Respect and Freedom of Association

Xcel Energy is committed to upholding the human rights and ethical treatment of employees and contractors. Part of living our core values means we treat others with respect, professionalism and dignity. This includes maintaining a work environment free from harassment and discrimination or any other unacceptable behavior.

Policies to Support Human Rights and International Labour Organization (ILO) Conventions

Xcel Energy's [Human Rights Position Statement](#) confirms our long-standing commitment to the advancement and protection of human rights throughout our operations, consistent with the general principles set forth in the International Labour Organization conventions and all U.S. human rights laws. Among other things, the statement includes our support of employees' freedom of association. We expect all employees, suppliers and partners to abide by our position.

Xcel Energy also has an [Equal Employment Opportunity Policy](#) and [Code of Conduct](#) that apply to all employees, as well as a Supplier Code of Conduct. Our Anti-Retaliation Policy strictly prohibits retaliation against an employee who reports a violation or suspected violation of the law, Code of Conduct or any other policy, participates in an investigation, or exercises any other lawful right.

Process for Employees to Report Concerns

We provide multiple options for employees to report any concerns or grievances about potential violations of Xcel Energy's policies and provide the opportunity to do so confidentially. All concerns are formally investigated, tracked and processed through a case management system that provides a comprehensive review of allegations. We provide more information on this in the [Corporate Compliance and Business Conduct brief](#) in Xcel Energy's Sustainability Report.

Collective Bargaining Agreements and Grievance Procedure

We recognize the right of all employees to select union representation, in accordance with applicable laws.

We communicate to employees their right to associate freely and bargain collectively by posting notices about that right in high-traffic common areas, such as break rooms. Through collective bargaining, we facilitate positive union relations and promote collaboration on business challenges that impact our operations and workforce.

Each Xcel Energy operating company has separate collective bargaining agreements, negotiated with the local unions. Xcel Energy bargaining agreements include equal opportunity clauses, and we operate in compliance with the policies and regulations established by the National Labor Relations Board and the statutes of the National Labor Relations Act. All our collective bargaining agreements are posted on our company intranet for employee viewing. In addition, the company provides paper copies to supervisors and managers of bargaining employees and the union provides copies to bargaining unit members.

Approximately half (44%) of our workforce is currently represented by unions. Most of our bargaining workforce has had union representation for more than 70 years.

Operating Company	Initial Year of Collective Bargaining Agreement
Public Service Company of Colorado	1946
Southwestern Public Service Company	1947
Northern States Power-Minnesota and Northern States Power-Wisconsin	1936-2012 (12 separate bargaining units)

Notice Periods

We provide at least one pay period advance notice for significant operational changes and try to provide additional notice when operationally able. For example, we tried to provide four weeks notice when asking employees to return to the workplace after being sent home during the COVID-19 pandemic.

All the Collective Bargaining Agreements (CBAs) for our three bargaining units have expiration dates. Each of the CBAs specifically speak to notice periods for changes desired prior to the expiration date. Either the company, the union or both are compelled to give the other party 90 to 120 days or 60 days written notice of desired specified changes.

Collaboration

Our long-standing relationships based on mutual respect have allowed us to form strategic alliances and pursue mutual goals.

Safety is a top priority for both our company and local unions. Together, we are working to create a Safety Always culture built on open and honest conversations, collaboration and sharing learning events to protect the workforce and ultimately eliminate life-altering injuries. Foundational to our safety approach are five **Human and Organizational Performance Principles** which acknowledge that people make mistakes, blame fixes nothing, and we gain the most by improving systems to make errors less likely.

We also are partnering with unions in Colorado on implementation of the state's just transition legislation, which was developed to assist employees impacted by the early retirement of coal-fueled power plants. Through our proposed Clean Energy Plan for Colorado, we are working with union leaders to manage the transformation of our system through attrition, retirement and retraining of employees. In other parts of the company, we have collaborated with unions on innovative projects, including a Generation Traveling Turbine Team and Nuclear Traveling Maintenance Services pilot.

Mechanisms for Grievance Filing, Escalation and Tracking

For each operating company or jurisdiction, the local unions that represent employees negotiate formal grievance procedures on behalf of their members. The grievance procedures for each represented unit are communicated to those employees via publication in their local Collective Bargaining Agreement.

- **Filing:** To file a grievance, represented employees submit their concerns in writing with their elected union representatives. Alternatively, employees can use the company hotline to report grievances confidentially.
- **Escalation:** Each operating company or jurisdiction has a written procedure to escalate grievances filed with the union until resolution is reached. The details of the grievance escalation procedure in each company or jurisdiction varies based on negotiations with the local union, but all include at least three stages of escalation, as shown below.
- **Tracking:** For grievances filed through the union, the union keeps the employee informed of the status as the grievance goes through the process.

Generally, there are three stages of escalation for resolving grievances.

1. Resolution with an immediate supervisor is the first step toward resolution. The mechanism used at this stage is a meeting between the union steward, company workforce relations representative, employee and the employee's immediate supervisor.
2. Escalation to higher levels of management takes place if a grievance is not resolved in the first step. At this stage, the mechanism used is a meeting between the employee, union steward, company workforce relations representative and the higher level of management.
3. Arbitration is the mechanism used for resolution in the final stage.



Employee Safety

Our safety culture focuses on eliminating life-altering injuries by building an atmosphere of trust and transparency and using critical controls.

Safety is at the heart of everything we do at Xcel Energy. In fact, it is one of our company's core values. To bring this to life, we're creating a safety culture that is transparent and trusting and that leads to learning and improving.

For years, conventional wisdom held that focusing on preventing minor injuries would prevent the occurrence of the more serious ones. However, newer research and best practices show it is more effective to focus on identifying the most serious risks inherent in our work and do everything possible to mitigate them. It is more about prevention, controls and culture than it is the traditional tracking of incidents. The most important strategy to prevent life-changing events from happening is to use controls, because controls—such as guardrails, seatbelts or automatic safety functions—save lives.

Through our Safety Always approach, we encourage more open communication and information sharing. We are learning from our near misses, good catches and injuries by treating our response to them as an opportunity to learn and improve our practices.

Ultimately, we want our employees and contract partners to feel comfortable reporting injuries, so that they can get the immediate and proper care they need, and we can benefit from in-depth learning opportunities to help keep everyone safer in the future.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees the company's safety strategy and performance. Within the company, the vice president of Safety and Workforce Relations manages the company's safety programs for the chief human resources officer, who reports to the CEO.

Highlights

- All employees and leaders were trained in 2021 on the foundational principles of our Safety Always approach via a Human and Organizational Performance (HOP) course and began incorporating the HOP Principles into our planning, executing and learning processes.
- More than 500 employees participated in 86 safety learning sessions in 2021, which resulted in 344 recommended actions for improvement.
- In the spirit of open communication, employees continued to share their safety experiences. Employees reported 243 near miss situations in 2021 of which 34% were identified as significant hazards that we are now working to prevent in the future.
- We launched a new safety software in 2021 that employees use to submit details about injuries, near misses and observations. These inputs help us make data-driven decisions, initiate Event Learning sessions and target corrective actions before a safety event occurs.
- Through a special Job Briefing Challenge, we enhanced the quality of job briefings by increasing familiarity with the process and how it aligns with our Safety Always approach.
- We introduced the Energy Wheel to the company, which is a visual tool that helps us recognize hazards better, so we can determine if the proper safety controls are present to protect everyone from severe injury or death.
- Our Safety Always approach has drawn interest from other progressive companies, both inside and outside of the energy industry, who are interested in benchmarking their safety processes



COVID-19 Response

When presented with the safety challenge of a global pandemic, we immediately mobilized to make sure our employees had the protections they needed to work safely and continued to adjust our guidelines as we learned from best practices. Our employees have gone above and beyond since the COVID-19 pandemic started to ensure the continued delivery of the energy our communities and customers need. They adopted new health-and-safety protocols to keep each other, their families and their neighbors safe.

While our mission-critical frontline employees continued working on-site, performing daily temperature checks, wearing face coverings and practicing social distancing; we also shifted almost 7,000 people from office buildings to work from home. This collective response to the pandemic reflects our company's resiliency, determination and innovative spirit to get the job done, no matter the circumstances.

Safety Always

We launched Safety Always in 2020. It is an approach to safety that moves away from traditional safety programs which focus on avoiding minor injuries in order to prevent more serious ones. Safety Always focuses on prioritizing and mitigating the risks that can cause serious and life-altering injuries through sharing, caring and learning.

Below are the key aspects of our plan for creating a Safety Always culture that includes establishing an atmosphere of trust and transparency through new ways of doing things.

- **Enhance Our Culture:** We are creating a more transparent, trusting and learning environment, helping to mitigate the risks around our most life-altering or life-threatening injuries. One of the most valuable cultural improvements we've made is to partner with our employees on our Event Learning process. Event Learning allows us to gain an understanding of how an incident occurred, rather than who was to blame, through candid conversations in a non-threatening environment. True transparency allows teams to identify preventive measures for the future. This process has been so effective that it is also being used outside of the safety environment for operational learning and improvement.

Sharing near misses with coworkers is a great example of learning and improving before an injury occurs, which is the best possible time to make changes, before the injury. To encourage employees to share their stories, we do not pursue discipline for employees who report near misses, and we continually share video testimonials, posters and articles on the topic. We are also seeing more impactful near miss reporting of situations that could potentially end up as a serious injury or fatality.

- **Leverage Data Analytics:** We shifted from using lagging injury data and now analyze our safety program using leading safety indicators that are predictive, proactive and supported by a centralized safety platform. We launched a new safety software, EcoOnline, in 2021 that makes it easier for employees to submit details about injuries, near misses and observations, so we can make more data-driven decisions.
- **Human and Organizational Principles:** We are incorporating Human and Organizational Performance (HOP) principles into our work, shifting our focus away from preventing bad things from happening and toward ensuring positive outcomes. We will focus on what failed and why, rather than who failed. Five principles provide the foundation of our Safety Always approach: Error is normal, people make mistakes; learning and improving are vital; how you respond to failure matters; blame fixes nothing; and context influences behavior.
- **Visible Safety Leadership:** Our earlier efforts focused on the outdated belief that reducing smaller injuries prevents more serious ones. Increasing safety leadership development, removing safety performance metrics and changing our response to incident reporting will increase transparency and trust with employees and contractors, helping ensure they get the care they need, and we can learn from every event. In 2021, leaders were trained on the five Human and Organizational Performance (HOP) principles and several leadership skills that align with our Safety Always approach. They were also given guidance about how those skills tie back to one or more of the HOP principles.
- **Critical Risk Management:** To prevent the most life-altering injuries and fatalities from happening, we began using Critical Risk Management (CRM), and in 2021, launched our first CRM pilot with a group of craft employees and leaders in the Transmission department. This continuous improvement process seeks to eliminate or reduce the potential for a life-changing event by emphasizing the need for robust barriers, also known as controls. We have a better chance of preventing life-changing injuries when we truly believe that controls save lives. Under CRM, crews take time to consider the hazards involved in their work that could lead to serious injuries and fatalities, and they delay starting tasks until all critical hazards are identified and all critical controls are in place.

Safety Management Fundamentals

Our Safety Always approach and core safety functions address applicable standards set by the U.S. Occupational Health and Safety Administration (OSHA) and the American Standards Institute (ANSI).

Our safety management provides:	
Oversight and clear responsibilities	<ul style="list-style-type: none"> • Board of directors and executive leadership provide oversight. • Corporate Safety department manages implementation of regulatory compliance, provides technical consultation to business areas, tracks and communicates the company's safety performance, and fosters our safety philosophy and care value. • All managers foster, develop, implement and provide training and communication about safety programs. Working safely is the first consideration when planning and performing work. • All Xcel Energy employees and contractors are expected to work safely and are empowered to stop work if they see unsafe practices.
Reporting	<ul style="list-style-type: none"> • Employees are encouraged to report unsafe acts or conditions to management in a timely manner. Any retaliation against an employee who, in good faith, reports a safety violation or suspected violation is strictly prohibited. • The EcoOnline safety software solution provides employees with one easy, convenient option for reporting injuries, near misses, good catches and observations. It consolidates safety information into one platform, improving our overall response time and effectiveness in addressing risks and learning from events. Employees can also report concerns and incidents through their Corporate Safety consultants or safety committees.
Policies and procedures	<ul style="list-style-type: none"> • We have 21 corporate safety policies in place to address occupational safety and health issues. Policies apply to all company bargaining and non-bargaining unit employees, as well as contractors.
Hazard identification, risk assessment and incident investigation	<ul style="list-style-type: none"> • We continuously identify and assess the hazards and risks inherent in our work and strive to mitigate them through processes like near miss reporting, Event Learning sessions, Critical Risk Management, job briefings and EcoOnline. • Critical Risk Management focuses on applying critical controls for preventing life-altering or life-ending events to our work. When Corporate Safety staff receive safety reports or concerns, emphasis is put on identifying controls at the top of the hierarchy of controls, including elimination, substitution and engineering. These controls minimize the risk of human error that can result in serious injuries.
Training	<ul style="list-style-type: none"> • All employees are expected to actively participate in the company's safety and health training. • We offer more than 50 safety training opportunities. Training courses are compliant with OSHA standards and are assigned to employees based on OSHA standards or job responsibilities. To continually reinforce safe work practices, we also assign training as part of job requalification. Training, along with the materials and equipment, are provided free of charge to employees. • Safety courses are a mix of online and instructor-led classroom trainings, depending on the best approach for teaching the material—for example, if hands-on practice is required. The delivery of safety courses allows flexibility for training employees before they take on new work tasks. We update training content as needed or when OSHA standards change, and we seek employee input following training to evaluate quality and effectiveness.

Communications and employee engagement	<ul style="list-style-type: none"> • All employees have access to required safety and health training, policies, programs and safety manuals, as well as federal or state required communications. • Multiple safety committees in organizations throughout the company meet on a regular basis. The committees are comprised of employees, safety professionals and business area leadership. Employees own and manage their committees, assisted by their assigned Corporate Safety consultant to make sure employee concerns and needs are addressed. Safety committees provide an opportunity for communicating trends and initiatives that committee members can share with their work groups. • Effective safety and health communications are provided in various formats, including weekly emails, verbal instructions, intranet, written documents and posters, safety committee meetings and multimedia presentations, such as videos and training. Safety continually tops the list of favorable communications topics in our annual employee engagement survey.
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Contractor Safety Program

Our contract partners face the same risks on the job as Xcel Energy employees, so we expect them to follow the same safety requirements as our own workers. To ensure alignment, we are taking steps with contractors to make sure that they apply our Safety Always principles to their work. We want contractor employees to go home safely, too. We began work in 2021 to build the foundation for a Trilateral Council comprised of utility executives, contractor executives and union leadership to ensure best practices align with our Safety Always approach. At an industry level, we are leading the industry by working with other utilities at the Edison Electric Institute to redefine contractor safety programs to focus on addressing the causes of significant injuries.

Xcel Energy's Supplier Code of Conduct includes the expectation that our suppliers will treat safety as one of their primary responsibilities. More information on our supply chain process and monitoring is available in the **Supply Chain Management brief** in Xcel Energy's Sustainability Report.

Caring, Sharing and Learning from Injuries

Xcel Energy operates from the paradigm that the earlier an employee receives treatment for an injury, the sooner they will return to normal life and work. With this in mind, we have occupational health services available for employees to get the help they need immediately. When an employee experiences a non-emergency injury at work, they and their manager can contact the 24/7 Work Injury Helpline for a professional assessment of the symptoms and recommendations for the best course of action. If the injury is serious or life threatening, they are directed to call 911 immediately for emergency medical treatment.

The goal of the 24/7 Work Injury Helpline is to provide employees and managers with additional resources for preventing and managing work injuries. We also contract with two onsite occupational health nurses to answer questions and provide guidance to operations employees following a 24/7 Work Injury Helpline call.

When an employee is injured on the job, Xcel Energy's chairman, president and CEO personally contacts them to ask how they are doing and what else they might need to make a full recovery and return to work. We protect employee confidentiality by not sharing names, condition or any other personal information beyond those with a need to know and by following corporate confidentiality procedures.

Information on Xcel Energy's health and well-being benefits for employees is provide in the **Human Capital Management brief** in Xcel Energy's Sustainability Report.



Diversity, Equity and Inclusion

We aim to create an inclusive work culture where all employees are treated with respect and diversity is celebrated.

We strongly believe in the value that a diverse workforce brings and the importance of having employees who reflect the communities and customers we serve. We thoughtfully and intentionally work to create an environment where all employees feel they can be themselves, feel respected and genuinely are included and empowered to do their best work. Our most successful ideas and outcomes result from the collaboration between employees with a diverse set of experiences, backgrounds and perspectives. By viewing opportunities and challenges through multiple lenses, we are better able to leverage our strengths and achieve our strategic priorities.

Our senior executive team is comprised of 33% female and 22% ethnically or racially diverse leaders that set a strong example by fostering an open and accepting work environment. We are committed to building a workforce that reflects the communities we serve and creates an inclusive culture for all employees. This leadership extends beyond our company walls and guides how we interact and engage with our communities, suppliers and other stakeholders.

Every year, we set targets to further broaden our supplier base, encouraging businesses owned by women or veterans or whose owners are ethnically or racially diverse to participate in our procurement process. Through our community involvement programs, we have exponentially increased our support to educational and community organizations that advance diversity, equity and inclusion and have made it a key component of our giving focus areas.

Governance

Xcel Energy's Board of Directors, as well as the board's Governance, Compensation and Nominating (GCN) Committee, annually review and provide oversight of the company's workforce strategy, including its diversity, equity and inclusion (DEI) initiatives. Within the company, the CEO and other senior executive leaders set a strong example in championing DEI. The chief human resources officer reports to the CEO and has overall responsibility for DEI initiatives, which are implemented and managed by the director of Inclusion and Diversity.

Highlights

- As a result of our commitment to diversity, female representation increased 6% and diverse representation increased 5% over the past three years among Xcel Energy's senior leadership, including all vice presidents and above.
- Xcel Energy added an incentive-based metric to the corporate scorecard in 2021, tying a portion of incentive pay to diversity, equity and inclusion. We achieved all metric targets set for the year, which focused on the use of diverse interview panels in the hiring process, implementation of executive sponsorships, and employee feedback on inclusion in the workplace.
- This past year, 99% of employment offers were extended to job candidates who were interviewed by diverse panels of employees.
- Even through the pandemic, we continued to build a robust, diverse talent pipeline in 2021 by employing 185 college seniors, graduate students and law clerks as interns. Among these interns, 34% were women and 27% were ethnically or racially diverse. Through established partnership programs, we also hired diverse high school interns.
- We successfully achieved our goal to train 100% of employees on unconscious bias and microinequities, and the training is now provided to new employees.
- An Inclusion and Diversity Conversation Starter Guide was developed to assist managers in leading team conversations. The guide covers 13 topics related to inclusion and diversity that range from beginner to advanced-level conversations based on a topic's difficulty or sensitivity.
- Through our engagement with small and diverse suppliers, we estimate Xcel Energy contributed approximately \$2.9 billion to the U.S. economy and supported nearly 19,600 jobs in 2021.
- The Human Rights Campaign again named Xcel Energy one of the Best Places to Work for LGBTQ Equality in early 2022, with a perfect score on its Corporate Equality Index for the sixth consecutive year.
- We were recognized as a Military Times' Best for Vets employer for the eighth consecutive year, a 2022 Military Friendly Employer and a Disabled American Veterans (DAV) Patriot Employer. In addition, we are rated a 5-Star Employer through the VETS Indexes Employer Award and received the HIRE Vets Medallion Award for our exceptional commitment to hiring veterans.
- The company achieved a high score—90 of 100—on the Disability:IN survey, a comprehensive benchmarking tool for disability inclusion in the workplace.

Xcel Energy Board of Directors and Workforce Representation



Board by Gender, Ethnicity and Race*



Direct Reports to the CEO (Executive Team) by Gender, Ethnicity and Race*



*Board and CEO direct report figures as of June 1, 2022.

Total Workforce

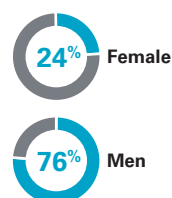
Xcel Energy had 11,357 full-time and part-time employees at the end of 2021.

Management Diversity by Gender, Ethnicity and Race

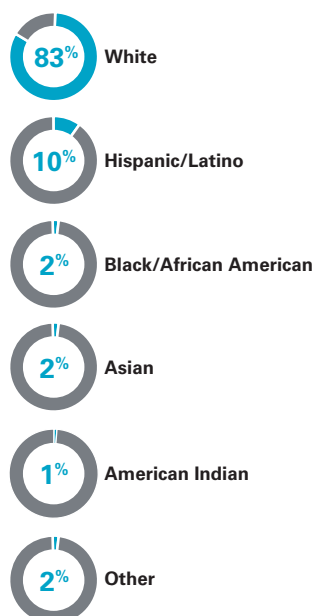


All Employees

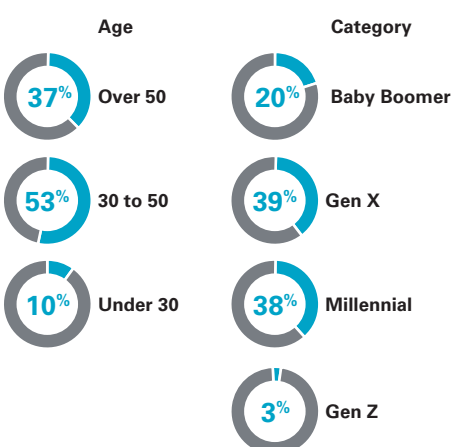
Gender



Ethnicity and Race



Generational Diversity



EEO-1 Report

Xcel Energy is committed to cultivating an equitable and inclusive work environment, with a skilled, engaged and diverse workforce that reflects the communities we serve. We also believe in the value of transparency and disclosure. For interested stakeholders, we provide our [Equal Employment Opportunity Employer Information Report \(EEO-1\)](#). The EEO-1 Report is federally mandated and requires our workforce data to be categorized differently from how our company tracks and measures progress using the metrics published here.

Corporate Scorecard Metric

We began including an incentive-based diversity, equity and inclusion (DEI) metric to the annual corporate scorecard in 2021, directly tying a portion of incentive pay to DEI progress. The metric helps align and focus our efforts, ensure accountability, and reward success in building a more diverse and inclusive workplace.

The metric measures our results in three areas:

- Our hiring practices to build a diverse workforce, including the use of diverse interview panels. In 2021, we exceeded the target with 99% of employment offers extended to candidates who were interviewed through diverse interview panels.
- An inclusive culture, as measured by employee feedback on six questions in our annual employee engagement survey. Positive employee responses on the 2021 survey exceeded the target, and scores from our female and ethnically and racially diverse employees were even higher than those from our other employees.
- Providing visibility, growth and development for employees through an executive sponsorship program. During the inaugural year, 35 employees joined company leaders in sponsorship opportunities, with 11 sponsored employees moving into new roles to further their growth and development at Xcel Energy.

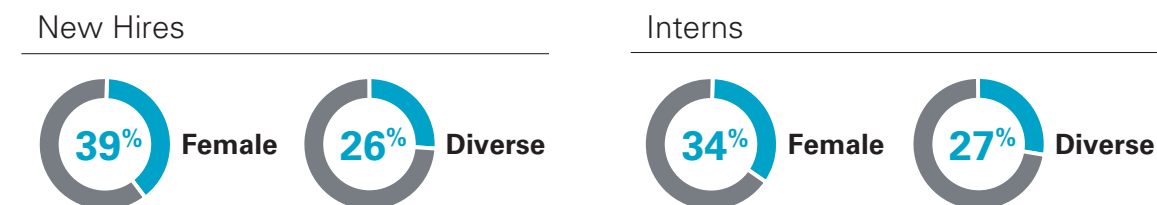
Building a Diverse Workforce

At Xcel Energy, we believe in the value that a diverse and inclusive workforce provides and have many initiatives in place to assist us in attracting and hiring employees that reflect the makeup of our communities.

Diverse Interview Panels

We use diverse interview panels in our hiring process, comprised of employees who vary from each other in some way, such as race, color, ability, national origin, gender, age or veteran status. These types of panels provide additional insight and perspectives on how a candidate's unique skills and experiences can contribute long-term value for the company. Job candidates who meet with diverse sets of interviewers personally experience our commitment to inclusion and are better able to envision working for Xcel Energy. Through this best practice, we continuously strengthen our inclusive workplace and build a talented workforce with values aligned to our own.

2021 Hiring Representation by Gender and Ethnicity and Race



Community Outreach, Partnership and Training Programs

To reach prospective employees, we seek out targeted job fairs and employment events in our communities. We partner with state workforce centers and organizations, such as Diversity Minnesota and the online job network, Circa. We also maintain relationships and engage with schools and organizations that hold job fairs specifically for diverse populations.

To attract applicants for open positions, we also work with diverse student groups, including the National Society of Black Engineers, Society of Women Engineers, Society of Hispanic Professional Engineers, and Society of Asian Scientists and Engineers. Through these partnerships, we continuously improve our candidate pool, reduce the need for candidate relocation and support our local economies. More than 40 of our recruiting events in 2021 were focused on hiring diverse candidates.

In addition, we support training and curriculum that prepares students for skilled jobs in the energy industry through our membership with the Center for Energy Workforce Development (CEWD). We worked with CEWD to implement the Legacy I-3 training program. The program builds a pipeline of skilled, diverse candidates with a focus on power line worker positions with high school students and young adults in the Twin Cities.

Internship Programs

We hire university interns and also partner with schools and community organizations to place high school students in positions across our business areas. A significant number of our high school interns come through our partnerships with Denver Public Schools' Launch, Minneapolis' Step Up, and Saint Paul's Right Track programs. We also hire interns through community organizations, such as Genesys Works, Cristo Rey and Girls Inc.

Military and Veteran Outreach

Our commitment to hiring veterans and those currently serving in the National Guard or Reserves remains strong, with veterans making up 10% of our new hires in 2021. We continue to build strategic partnerships with veteran organizations and support activities that maintain our visibility as a preferred employer for veterans. Last year, Xcel Energy participated in more than 45 job fairs and events targeting military veterans and participated in the Department of Defense SkillBridge program, as well as the Hiring our Heroes Corporate Fellowship Program.

Approximately 10% of current employees are veterans. Many are actively involved in our Military Ombudsmen for Veterans and Employees (MOVE) business resource group and volunteer to help with veteran recruiting, as well as the development, retention and mentoring of current veteran employees.

Fostering an Inclusive Workplace

Our commitment to an inclusive workplace starts with our board of directors and extends through all levels of the organization, influencing the service we provide customers, the experiences of our employees, and our work with communities, including suppliers and other partners. We strive to foster an inclusive culture that welcomes diversity of thought, background, experiences, ethnicity and race. This helps us better assess business risks and opportunities from different viewpoints and elevates and nurtures the best ideas. Recognizing and celebrating our differences and championing an inclusive culture strengthens our organization and society in general.

Employee Training on Unconscious Bias and Microinequities

Mitigating the negative effects of unconscious bias is an important component to fostering an open, creative work environment and inclusive culture. All Xcel Energy employees receive training on unconscious bias and microinequities to increase their understanding of bias and their knowledge, insight and skills to help mitigate its impact in the workplace. Additional, ongoing training on how to avoid bias is incorporated into all our talent processes—hiring, performance management, investment decisions and succession planning. At the end of 2021, we achieved our target to train 100% of employees on unconscious bias and microinequities, and new hires take the training when they join the company.

Executive Sponsorships

Our executive sponsorship program provides senior leaders an additional opportunity to contribute to our inclusive culture, celebrate diversity and develop and retain top talent. Executives are matched with employees who are diverse from themselves. Through reoccurring and meaningful engagements, the sponsored employees have opportunities for professional exposure, growth and development. At the same time, executives gain different perspectives and broaden their worldviews. Sponsorship is viewed as a triple win—providing value for sponsored employees, sponsors and the company.

Employee Feedback

One of the most important things we can do is listen to our employees and take meaningful action based on their feedback and ideas. In our employee engagement survey, six questions make up our Inclusion Index. These questions gather employee perceptions of the work culture and the company's effectiveness in appreciating differences and encouraging authenticity, belonging, empowerment, recognition and speaking up. The results help our organization understand where we meet employee needs and where additional work is required. This past year, our highest Inclusion Index ratings came from our female and ethnically and racially diverse employees.

Leader Inclusion and Diversity Conversation Starter Guides

As we work to build a more inclusive culture, we encourage employees to tackle tough issues and have honest and open conversations about timely events related to inclusion and diversity. We also encourage leaders to create a safe environment for those conversations and developed a detailed Inclusion and Diversity Conversation Starter Guide to support leaders in these efforts. Topics include, holidays and celebrations, recognition, authenticity, cultural awareness, appreciating differences, bias and stereotypes, allyship and speaking up. Through these crucial conversations, employees reflect on the lives and perspectives of others who are different from themselves, learning from one another, and gathering personal takeaways to incorporate into their future interactions.

Business Area Inclusion & Diversity (I&D) Champion Teams

I&D champion teams in several of our business areas help drive progress on inclusion and diversity at the working level. The teams assess the diversity data for their organizations, including population, turnover and movement. They identify areas that need additional focus and develop targeted programs for driving change, such as new recruiting events or professional development programs.

Career Launch Program

We created a new Career Launch program where early career employees are hired and developed through two-year rotations in four different business areas before moving into a longer-term role. In 2021, 12 employees were hired into the program and 12 additional employees were added in early 2022.

Online Resources

Employees can increase their awareness around diversity, equity and inclusion, and learn ways to provide or ask for help on different topics by accessing our online resource hub created by employees. Leaders also are provided with unique online resources designed to help them lead inclusively.

Health Plan Benefits

Xcel Energy offers progressive programs to help employees manage their work and personal lives, as well as multiple benefits that support physical and emotional well-being. Our High Deductible Healthcare Plan (HDHP) benefits include coverage for cross-sex hormone therapy and surgeries for Gender Dysphoria. Find more information on our programs and benefits in the [Human Capital Management brief](#) in Xcel Energy's Sustainability Report.

Business Resource Groups and Council for Diversity and Inclusion

Our Business Resource Groups give employees an inclusive and supportive outlet for personal and professional growth. They offer opportunities for cultural exchange and community outreach. Additionally, through the Council for Diversity and Inclusion, leaders of our Business Resource Groups collaborate with business area leaders to solve business challenges and achieve goals. We currently have 11 Business Resource Groups, listed below.

- **AAP (Asian American and Pacific Islander Alliance):** Encourages Asian American and Pacific Islander employees and allies to bring their full identities to the workplace by educating the workforce regarding AAP cultures and professional experiences (allyship), facilitating professional development and career growth, and creating a sense of unity between AAP employees, allies and the community.
- **BLAX (Black Employees at Xcel Energy):** Promotes career development, continued education, training, cultural awareness, and addresses the issues and concerns of people of color.
- **ECN (Employee Connection Network):** Connects new and existing employees and broadens employee understanding of Xcel Energy through networking and community service opportunities.
- **GROW (Growth and Retention of Women):** Identifies and implements innovative ideas and strategies for recruiting, developing, promoting and retaining women in non-traditional roles within the Energy Supply business area. Works with schools to increase girls' and women's awareness of such opportunities.
- **MOVE (Military Ombudsmen for Veterans and Employees):** Sustains awareness on issues of interest to veterans and active military employees in our workforce and promotes programs and policies that support the welfare of veterans and their families.
- **NAYGN (North American Young Generation in Nuclear):** Provides opportunities for nuclear enthusiasts to develop leadership and professional skills, create life-long connections, engage and inform the public, and inspire today's nuclear technology professionals to meet the challenges of the 21st century.
- **Pride Alliance:** Advocates for the company's leadership in diversity and inclusion by addressing issues related to sexual orientation and gender identity.
- **Tribal Wind:** Supports Native American employees through professional development resources, mentoring and networking. Strives to increase cultural understanding and awareness.
- **WIN (Women's Interest Network):** Strives to improve the lives of women and make Xcel Energy the workplace of choice for women. Focuses on professional development and work-life balance issues.

- **Xcelente:** Shares the Latino culture through awareness, inclusion and celebration; promotes the company's image throughout the community; provides networking and mentoring opportunities.
- **XE WiN (Women in Nuclear):** Explores and develops programs that help all employees working within our nuclear organization to expand their leadership skills, network and create positive visibility for the nuclear industry within the communities we serve.

Equal Employment and Anti-Discrimination

Xcel Energy respects the right of all people to be treated ethically, with dignity and without discrimination. We strive every day to demonstrate our commitment to those rights, as well as to our core values of connected, committed, safe and trustworthy, as we conduct business and interact with our employees, customers, communities and other stakeholders.

Equal Employment Opportunity Policy

We recognize that our continued success depends on the unified strengths of our employees. As an equal opportunity employer, Xcel Energy's policy is to provide equal opportunity in hiring, promotion and other terms and conditions of employment, without regard to race, color, religion, creed, national origin, sex, age, disability, veteran status, sexual orientation, gender identity, genetic information or any other protected class status in accordance with applicable federal, state and local laws. We seek to attract qualified job applicants and candidates who reflect the diversity of the qualified labor market. We base our selection of successful candidates upon merit, qualifications and other job-related criteria.

Anti-Discrimination, Human Rights and the International Labour Organization Conventions

Xcel Energy stands steadfast against racism, intolerance, discrimination and harassment, as stated in our [Human Rights Position Statement](#), which affirms our long-standing commitment to the advancement and protection of human rights throughout our operations, consistent with the principles set forth in the International Labour Organization Conventions and all U.S. human rights laws.

Our [Code of Conduct](#) applies to every employee and promotes inclusion, diversity and respect and prohibits harassment or discrimination and retaliation against an employee who reports a violation or suspected violation of the law, Code of Conduct or any other policy, participates in an investigation, or exercises any other lawful right. The process for reporting and investigating concerns is provided in the [Corporate Compliance and Business Conduct brief](#) in Xcel Energy's Sustainability Report.

Supplier Diversity Program

We have always believed that it is in our best interest to encourage a broad base of supplier relationships. That is why for more than two decades, we have actively encouraged diverse suppliers to participate in our procurement process, including businesses owned by women or veterans or whose owners are disabled, racially or ethnically diverse, or lesbian, gay, bisexual or transgender.

By doing business with diverse suppliers, we expand our supply lines and provide opportunities for everyone to participate and prosper, creating a multiplier effect that results in additional jobs across the economy and in our communities. We purchased \$1.5 billion in goods and services from small and diverse businesses in 2021, including nearly \$560 million from diverse suppliers. As a result, we estimate our program supported nearly 19,600 jobs, providing employee earnings of approximately \$1 billion. Considering the cumulative revenues of all businesses impacted, the program produced a total economic impact of \$2.9 billion across the economy. Full results are published in our [2021 Supplier Diversity Economic Impact Report](#).

Our corporate supplier diversity policy underscores our commitment and assures that we develop and strength our relationships with diverse suppliers by:

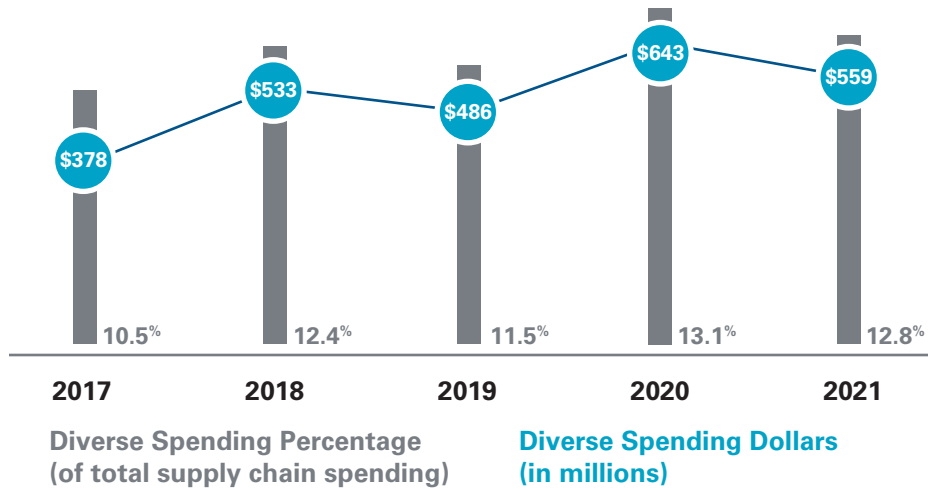
- Conducting outreach efforts to seek, identify and encourage supplier diversity in our procurement processes
- Facilitating alliances and partnerships
- Educating businesses about our procurement and business processes
- Identifying and encouraging subcontracting opportunities with major suppliers when direct participation is not possible

Xcel Energy is an active member of the Edison Electric Institute’s Supplier Diversity Best Practices Group and participates in other national and regional associations, including Mountain Plains and North Central Minority Supplier Development councils, Women’s Business Enterprise National Council, Women’s Business Development Center, Women’s Business Enterprise Council-West, National Veteran-Owned Business Association, National Veteran Business Development Council, Veterans in Business Network, National LGBT Chamber of Commerce, Disability:IN, and Association of Women Contractors.

We are also members of many local diverse chambers of commerce in our service areas, including Albuquerque Chamber of Commerce, Amarillo Hispanic Chamber of Commerce, Colorado Asian Chamber of Commerce, Colorado Black Chamber of Commerce, Colorado Hispanic Chamber of Commerce, Colorado LGBT Chamber of Commerce, Colorado Women’s Chamber of Commerce, Minnesota American Indian Chamber of Commerce, Minnesota Black Chamber of Commerce, Quorum Twin Cities LGBT Chamber of Commerce and Rocky Mountain Indian Chamber of Commerce. Our membership engagement includes board roles, working groups and committees, and sponsorship and attendance at both national and regional networking events.

As part of our commitment to diversity, equity and inclusion, we’ve spent approximately \$2.6 billion with diverse suppliers since 2017.

Five-year Annual Trend in Spending with Diverse Suppliers



For the past several years, diverse suppliers played a major role in helping construct new wind energy projects on our system, which increased our spending in 2018 and again in 2020 by more than \$250 million. For 2022, our goal is to spend nearly \$600 million with diverse suppliers, roughly 13% of total anticipated supply chain spending.

To support our spending goal with diverse suppliers, we developed an educational tutorial for employees on our Supplier Diversity Program. The online course is currently required training for all Supply Chain employees and is also available for all Xcel Energy employees to take.

Community Leadership

Addressing racial equity is one of the most important things we can do to support the communities where we live, work and do business. Now and into the future, we plan to continue listening and taking meaningful action to be part of the solution.

Several years ago, we renewed our commitment to supporting community programs and organizations that address diversity and inclusion. In early 2022, we launched the Xcel Energy Foundation's revised giving framework—Energizing Our Future—which formalizes this commitment. Diversity, equity and inclusion is now a key component within each of the foundation's three focus areas—STEM Career Pathways, Environmental Sustainability and Community Vitality—and are incorporated in the following ways:

- **STEM Career Pathways:** Investing in programs and organizations that support women and girls, and people of color.
- **Environmental Sustainability:** Improving natural habitats of historically income-qualified neighborhoods or focusing on environmental justice.
- **Community Vitality:** Providing free arts and culture offerings to historically marginalized groups or supporting the entrepreneurial efforts of ethnically and racially diverse or underserved business leaders.

We began accepting grant applications under Energizing Our Future in March 2022, with final grant awards announced in June 2022.

Highlights from our community partnerships in 2021 include:

- **Minnesota Chamber of Commerce Diversity and Inclusion Initiative:** A \$150,000 grant from the Xcel Energy Foundation will support the chamber in developing a clearinghouse of expertise, techniques and proven methods for promoting diversity and inclusion programs across chamber member organizations.
- **HandsOn Twin Cities:** Through a 12-week pro bono project, Xcel Energy employees leveraged their expertise to help three organizations overcome unique challenges in Minnesota communities. Combined, they volunteered 520 hours, delivering a value of more than \$100,000.
- **Minnesota Private College Foundation Black Men's Success Initiative:** The Xcel Energy Foundation donated \$50,000 to support Black men attending Minnesota private colleges. The program combines scholarships with leadership and personal development opportunities focused on helping Black men graduate ready to launch their post-baccalaureate careers. More than 100 students from ten institutions have taken part to date.
- **Chippewa Valley Technical College Foundation:** A \$50,000 grant from the Xcel Energy Foundation will provide a full scholarship for a student from an underrepresented racial or ethnic group in Chippewa Valley Technical College's Electric Power Distribution or Gas Utility Technician Program in Eau Claire, Wisconsin. The scholarship includes all tuition, materials, fees and expenses for the program. Upon graduation and successful testing, the student can join Xcel Energy in Wisconsin or Michigan as an apprentice.



Managing Sustainability, Stakeholders and Priority Issues

Sustainability is embedded in our strategy, and through regular stakeholder engagement, we stay focused on the right priorities.

For more than 150 years, Xcel Energy has had the privilege of serving customers in hundreds of communities across its eight-state service area. We have accomplished this by never losing sight of our responsibilities and the understanding that our success is uniquely tied to the success of those we serve.

Through our strategic planning process, our board and executive leadership team identified three strategic priorities that represent the keys to fulfilling our vision to be the preferred and trusted provider of the energy our customers need— to lead the clean energy transition, enhance the customer experience and keep bills low. There's strong alignment between the priorities and our sustainability initiatives. We're retiring coal plants, adding renewables, exploring new technologies and helping to electrify other sectors, while maintaining customer affordability and supporting our employees and communities.

Closely collaborating with those we serve and do business with helps inform our sustainability focus and is essential to how we operate, especially because we are a regulated and customer-focused provider of an essential energy service. Through resource planning and other regulatory proceedings with our state public utilities commissions, we have a built-in stakeholder engagement process as part of our business model.

But our efforts extend beyond regulatory processes. We've established a strong local presence within each state and community we serve. Our customer and community-focused teams engage daily on important service and energy-related issues or projects and work side by side with customers, business leaders, city and county governments, policymakers, legislators, nonprofit organizations and others.

Stakeholder Engagement

We can only be successful if we have insight into the needs and priorities of those whom our business relies on and serves. We regularly engage with stakeholders to inform our business plans and seek opportunities to better understand their interests, concerns and emerging needs. We regularly engage in a variety of ways with the following priority stakeholder groups that influence our ability to do business and provide benefit to our customers.

Customers

We engage with residential, business and wholesale customers through our contact center, account management teams, personal account representatives for customers in need, and through customer research, communications, special events, meetings and the regulatory process in our states.

Employees

Through company-wide, department-level and individual meetings, we share information and learn what's on employees' minds. We also engage through regular surveys, quarterly performance discussions, employee communications, innovation challenges, the compliance hotline, and bargaining unit negotiations and communications (employees include union leadership).

Communities

We engage through public and individual meetings, open houses and speaking engagements; participate in city, county and state government proceedings; and work with community members through giving, sponsorship, board service and volunteer programs and through membership and participation in local economic and community organizations.

Legislators and regulators

We gain insight into stakeholder priorities by participating in local, state and federal policy and legislative discussions and initiatives and through our employee political action committees. We also engage through regulatory reporting, filings and proceedings with state public utilities commissions and speaking engagements.

Investors

We regularly meet with investors and provide regular financial and ESG-related disclosures through our investor website in addition to hosting the annual shareholder meeting.

Suppliers

Through regular meetings, discussions and visits, we maintain relationships with key suppliers, and gain information through contracts and negotiations. We have set clear expectations with our suppliers regarding business conduct and ethics, including ESG issues, through our Supplier Code of Conduct.

Sustainability Priorities

In early 2022, we began conducting a full materiality assessment to identify the most important sustainability issues facing our company and its stakeholders. This current assessment includes a comprehensive stakeholder outreach process. Working with a consultant, we analyzed market trends and performed benchmarking with respect to peer companies. We also interviewed key internal and external stakeholders and conducted an online survey with a broader group of stakeholders within our company and service area. Results from the process are helping inform our company's sustainability strategy, as well as our reporting. We plan to publish the results in Xcel Energy's 2022 Sustainability Report to be released in spring 2023, as we continue to align our reporting with Global Reporting Initiative Standards.

While the materiality assessment is underway, our current 16 sustainability priorities remain relevant and are the basis for our 2021 Sustainability Report. The priorities align with:




- Sustainability standards and frameworks, especially those specific to our industry, such as the Sustainability Accounting Standards Board
- Research from the Electric Power Research Institute and its Sustainability Interest Group, as well as research from our industry associations, including the Edison Electric Institute and its sustainability working group
- The priorities of our industry peers

Xcel Energy's Sustainability Priorities

Environmental	Air Emissions	Air emissions (non-greenhouse gas) produced by generating electricity
	Energy Innovation	<ul style="list-style-type: none"> • Research, demonstration and pilots to spur the development of advanced technologies for the future, especially those needed to achieve zero-carbon electricity by 2050 and reduce the greenhouse gas footprint of natural gas use in buildings • Energy resource diversity to foster reliability, mitigate risk and serve customers with cleaner and renewable energy resources • Energy efficiency and conservation • Electric vehicle charging
	Greenhouse Gas Emissions	Greenhouse gas emissions released from generating electricity and delivering and using natural gas
	Habitat and Biodiversity	Vitality of natural habitats and species impacted by generating electricity and distributing electricity and natural gas
	Waste	Waste produced by generating electricity and distributing electricity and natural gas
	Water	Water quality and availability impacted by generating electricity
Social	Community Vitality	<ul style="list-style-type: none"> • Viability and well-being of communities Xcel Energy serves • Business and economic development
	Customer Satisfaction	Products and services customers value and a positive experience
	Diversity, Equity and Inclusion	<ul style="list-style-type: none"> • Building a workforce that reflects communities served • Focus on racial equity, social justice and diversity, equity and inclusion in our workplace and through our business practices and community support
	Energy Affordability	Affordability of electricity and natural gas service across all customer classes and geographies
	Safety	Employee and public safety related to providing electricity and natural gas service
	Workforce Management	<ul style="list-style-type: none"> • Employee engagement, motivation and well-being • Hiring, retention, development, performance management and future workforce planning • Pay, benefits and labor relations
	Reliability, Resiliency and Security	<ul style="list-style-type: none"> • Reliable, secure delivery of electricity and natural gas service • Grid resiliency • Emergency preparedness and business continuity capabilities, including physical and cybersecurity
Governance	Ethics and Compliance	<ul style="list-style-type: none"> • Company governance, adherence to laws and company policies and procedures • Ethical expectations, values and culture
	Public Policy	Engagement in energy policy and regulation for the benefit of customers
	Supply Chain	<ul style="list-style-type: none"> • Supply continuity and cost management • Responsible activities of suppliers doing business with Xcel Energy, including ensuring human rights • Expanded opportunities for diverse and veteran suppliers and local businesses

Sustainability Goals

Xcel Energy aims to meet the following sustainability commitments that align with the company strategy and U.N. Sustainable Development Goals (SDGs).

SDGs	Xcel Energy Goal	2021 Results	Learn More
	Deliver 100% carbon-free electricity by 2050, with an interim goal to reduce carbon emissions from electricity provided to customers 80% by 2030, from 2005 levels	50% reduction in carbon emissions 2005-2021 from owned and purchased electricity delivered to customers	Lead the Clean Energy Transition
	Provide net-zero gas service by 2050, with an interim goal to reduce greenhouse gas emissions 25% by 2030, including natural gas supply, distribution and customer use, from 2020 levels.	Launched goal in 2021 and established workstreams for implementation, developing reporting metrics	
	Reduce water consumption from electricity provided to customers 70% by 2030, from 2005 levels, measured by volume	>29% reduction in water consumption 2005-2021 from owned and purchased electricity delivered to customers	Managing Water Use
	Continue keeping customer bill increases at or below the rate of inflation, while maintaining reliability	Managed average residential bill growth below 1% annually from 2013 to 2021 (average electric increases 0.8% and natural gas increases 0.3%)	Customer Commitment
	Power 1.5 million electric vehicles in Xcel Energy service areas by 2030	Launched 14 new programs in Colorado and Minnesota in 2021, with a suite of new programs launched in New Mexico in early 2022; ~65,000 EVs in our service area from 2020 through 2021	Energy Efficiency and Electric Vehicles
 	Mitigate impacts from retirements of coal-fueled power plants	Seven plant closures with zero layoffs from 2007 to 2021	Community Relations and Economic Development
	Maximize spending on goods and services with local businesses	>60% of supply chain spending with local businesses in 2021	Supply Chain
	Support local business growth	20 new business development projects completed adding ~\$1 billion in capital investment and ~5,000 jobs for communities we serve	Community Relations and Economic Development
	Build a workforce that reflects the communities we serve*	Board: 27% female, 18% diverse CEO direct reports: 33% female and 22% diverse Management: 22% female and 11% diverse Workforce: 24% female and 17% diverse	Diversity, Equity and Inclusion
	Encourage participation among diverse suppliers in our procurement process	~\$560 million spent with diverse suppliers in 2021, representing ~13% of spending	

*Diverse refers to ethnicity and race; representation for the board and CEO direct reports is as of June 1, 2022.

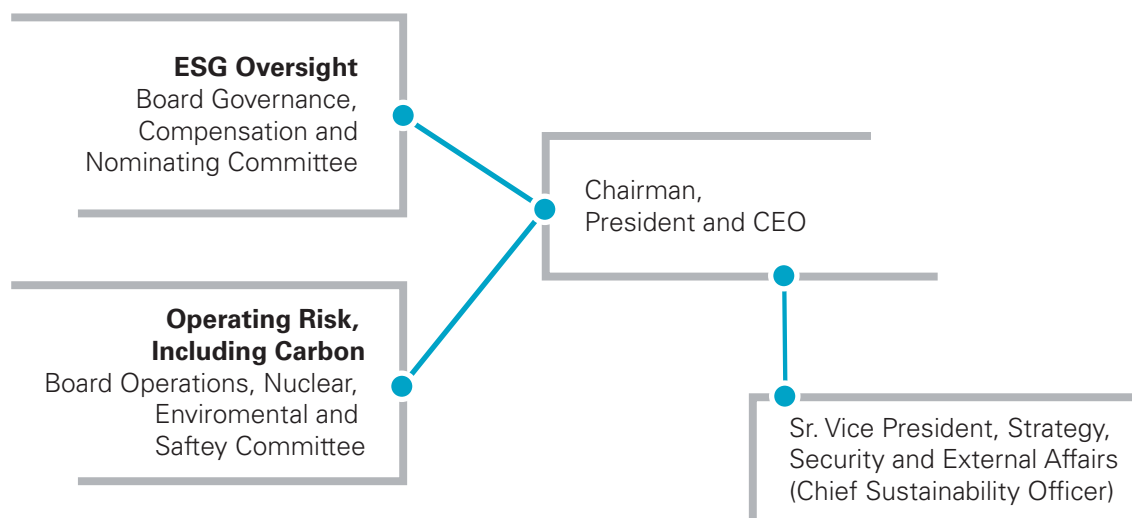
Sustainability Oversight

Sustainability is integrated into our governance processes. With strong leadership from Xcel Energy's Board of Directors and executive management team, along with engaged leaders and business units across the company, we can effectively manage risks and opportunities and drive strong performance across a spectrum of environmental, social and governance (ESG) issues and opportunities.

The chairman, president and CEO leads all aspects of our sustainability and ESG efforts. The senior vice president of Strategy, Security and External Affairs and chief sustainability officer reports to the chairman, president and CEO, and is responsible for sustainability and ESG-related policy, strategy, governance and reporting, including management of climate-related risks and regular ESG discussions with the board. The chief sustainability officer works with multiple teams across the business areas that are directly accountable for addressing various ESG issues and opportunities.

The Governance, Compensation and Nominating (GCN) Committee has primary board committee responsibility for sustainability and ESG-related issues and risks. As part of its charter, the GCN committee oversees policy, adherence and disclosure regarding ESG matters, including executive compensation, our Code of Conduct and political contributions, lobbying and government communications practices. Annually, it reviews our workforce strategy, including diversity, equity and inclusion initiatives and progress. The Operations, Nuclear, Environmental and Safety (ONES) Committee oversees our environmental strategy and performance, employee and contractor safety, customer service and operational performance in delivering electricity and natural gas service to customers. This includes managing risks related to climate, physical security, cybersecurity and public safety.

Sustainability Governance Structure



Board Oversight

The full Board considers and addresses key sustainability issues and opportunities in the context of our broader corporate strategy. While the GCN Committee has overall responsibility for ESG oversight, other board committees also have oversight responsibilities that relate to specific sustainability issues.

- **Audit Committee:** Oversees corporate compliance related to ethics and business conduct
- **Finance Committee:** Oversees clean energy investments, investor relations, affordability and financial health
- **GCN Committee:** Oversees workforce development and compensation; diversity, equity and inclusion (DEI) strategy; executive compensation; the Code of Conduct; and lobbying and political contributions policies and disclosures
- **ONES Committee:** Oversees employee and public safety, environmental performance and strategy and overall operations, including reliability, physical security, cybersecurity and climate change

Executive Oversight and Management

The executive team is accountable for strategy execution, including sustainability and ESG responsibilities and initiatives.

- Each Board committee has a senior executive serving as the coordinating officer who determines agendas and supports the committee in carrying out its duties.
- Strategies and key initiatives are crafted and executed to strike a balance among reliability, resiliency, affordability and environmental impact.
- Xcel Energy was among the first U.S. energy providers to tie environmental performance directly to long-term executive compensation over 15 years ago, and today 30% of incentive pay is tied to carbon reductions. Annual executive incentive compensation is based on the corporate scorecard, which fully aligns with ESG issues, including safety, reliability, customer satisfaction, wind availability and diversity, equity and inclusion progress.

Business Area Responsibilities

While the entire organization and each operating company supports sustainability and ESG efforts, specific business areas are directly accountable for addressing various ESG issues and opportunities. We use performance management techniques and compensation design to align employees around successful execution of our goals and efforts.

- **Strategy, Security and External Affairs:** Sustainability strategy, governance and reporting, environmental strategy and performance and energy and public policy, including political contributions disclosure, resource planning and physical and cybersecurity
- **Risk, Audit and Financial Services:** Risk management, corporate auditing and supply chain management
- **General Counsel and Compliance:** Corporate governance, disclosure and regulatory efforts that support our goals, as well as corporate policies and ethics and compliance, including Code of Conduct
- **Operations:** Power production, environmental performance and regulatory efforts that support the clean energy transition, customer electricity and natural gas service, safety, affordability, reliability and resiliency
- **Customer Solutions and Care:** Energy efficiency and conservation, electrification and electric vehicles, customer programs and satisfaction, and economic development
- **Human Resources:** Workforce strategy and development, DEI initiatives, labor practices, public and employee safety, the Xcel Energy Foundation and employee wellness and engagement programs
- **Financial Operations:** Capital project governance, compliance, budget and cost management, affordability, investor relations and disclosure, corporate development and innovation

Operating Company Responsibilities

Our strategy is implemented through the four operating companies, including sustainability initiatives.

- Operating company staff engage with local stakeholders to understand their perspectives, priorities and goals. They drive sustainability initiatives forward and work to address energy and policy issues, such as climate change, environmental justice, social equity and the responsible transition away from coal.
- Regulatory and resource plans are designed to meet the future needs of our customers, states and other stakeholders, including delivering cleaner energy while maintaining customer affordability, reliability and resiliency.
- Community giving and volunteer programs are implemented with local nonprofit organizations, with a focus on STEM (science, technology, engineering and math) career pathways, environmental sustainability and community vitality.



Corporate Compliance and Business Conduct

Like safe, affordable, reliable energy—trust is an essential component of our business. We demonstrate this value through a workplace culture of compliance and ethical business conduct.

Four simple words—committed, connected, safe and trustworthy—define our values, who we are as an organization and how we work together to deliver energy to our customers and communities. From our employees and contractors to our board of directors and company leaders, we are each responsible for living our corporate values, which are our North Star. By providing a common set of principles, they guide us to do what is right and hold us accountable to ensure we maintain the highest ethical standards.

Building upon this, our comprehensive Corporate Compliance and Business Conduct program provides a management system designed to meet the organization's needs. This includes full support from the senior executive team, CEO and board. Our growing reputation as an ethical company instills pride among our employees and gives customers confidence in doing business with us.

Governance

Xcel Energy's Board of Directors has overall authority for the Corporate Compliance and Business Conduct program, with key elements of oversight delegated to the Audit and Governance, Compensation and Nominating committees. Within Xcel Energy, the CEO sets a strong tone at the top by championing the company's corporate values. The chief compliance officer has overall responsibility for all compliance and business conduct matters and has unfettered access to the board. Leaders from across the company comprise our Corporate Compliance and Business Conduct Council, which helps ensure engagement by all employees.

Highlights

- For the third year in a row, Xcel Energy was named one of the World's Most Ethical Companies®. We are honored to be among 136 global companies selected by Ethisphere, a leader in defining and advancing the standards of ethical business practices. Ethisphere reserves this listing for a small number of companies that prioritize ethical behavior and understand the correlation between values-based leadership and overall business success.
- 100% of active employees completed annual Code of Conduct training in 2021, which touched on a broad variety of key Code of Conduct topics such as conflicts of interest, gifts and entertainment, company assets, books and records, off-duty misconduct, workplace violence and securities trading, as well as how and where to raise concerns. To engage employees, the course followed a fictional employee who navigates a workday showcasing many situations where employees should stay true to our values and apply the expectations as outlined in the code.
- A cross functional team developed the company's first stand-alone Supplier Code of Conduct that outlines legal and ethical expectations for third parties to help reduce risk introduced by third-party partners. The Supplier Code of Conduct applies to all the suppliers of materials and services who support Xcel Energy, its subsidiaries, joint ventures, divisions or affiliates. Suppliers are required to comply with the code's expectations and compliance is a requirement for becoming or remaining a supplier with Xcel Energy.
- In 2021, we supplemented our compliance maturity assessment with a cross-cutting risk assessment that identified and prioritized existing or potential threats related to legal or policy noncompliance—or ethical misconduct—that could lead to fines or penalties, reputational damage, or the shutdown of key businesses or facilities by regulators.
- We use data analytics to prevent, detect and respond to misconduct. We continue to enhance our capabilities and mature our data analytics and what we measure. This work provides insight into potential areas of concern or where there may be cultural issues in the organization. It also allows leaders to gain a more sophisticated view of their organizations and to better prioritize and target training and communication resources.
- For transparency, we publish the **annual report** on our Corporate Compliance and Business Conduct program on [xcelenergy.com](https://www.xcelenergy.com). The report provides an overview of our work, including highlights and additions to the program.

Ethical Foundation: Code of Conduct

We have one **Code of Conduct** that applies to all employees—from executive leaders to part-time workers. It is foundational to our success as an organization and guides everything we do—how we work together, make business decisions and interact with stakeholders. Our Code of Conduct also provides direction for making tough judgment calls and speaking up if something seems wrong.

The board of directors reviews and approves the Code of Conduct, ensuring top-level ownership for this foundational resource. All employees are responsible for knowing, understanding and adhering to the Code of Conduct and are required to complete annual training that includes signing a statement of commitment. While contract workers and suppliers are not obligated to take Code of Conduct training, they are required to perform services in accordance with our **Supplier Code of Conduct** and as specified in the terms of their agreements with Xcel Energy.

Corporate Compliance and Business Conduct Program

The focus of Xcel Energy's Corporate Compliance and Business Conduct program is to:

Do What's Right: Report What Seems Wrong.

Policies, Training and Communications

Company policies, training and communications help employees understand expectations in order to make good decisions every day. Information on policies, our values and company expectations is routinely shared to ensure it is a regular part of every employee's work experience.

Employees are responsible for knowing and following not only the Code of Conduct, but also multiple other corporate policies associated with Corporate Compliance and Business Conduct. Training courses reinforce corporate policies and other information to demonstrate how our values guide the way we do business. Employees use training information to ensure their actions protect and enhance the company's brand and reputation by working safely and effectively and complying with the many policies, laws, regulations and expectations governing our work.

Regular, consistent communications are designed to help employees do what is right. We use a variety of channels to reach employees across teams, such as emails, posters, videos, digital signage, roadshows, news articles and in-person discussions. In 2021, to increase transparency and communicate the results of the ethical culture survey, we created a Compliance Perceptions Survey website for all employees to access. The website shows the results for each question asked and highlights key takeaways and resources available such as policies, reporting options, manager toolkits, discussion guides, ethical scenario exercises, videos and more.

Reporting Issues, Investigations and Actions

When things do not seem right, employees are encouraged to seek help. We know reporting a potential issue can be difficult, so we offer multiple reporting options including:

- The Equal Employment Opportunity and Employee Relations or Workforce Relations departments
- An employee's next level of management
- The **Compliance Hotline**, available 24 hours a day, with the option to remain anonymous
- Our Corporate Compliance and Business Conduct Office
- Legal Services
- Xcel Energy's Board of Directors

Employees working at our nuclear generating plants have additional reporting options that include completing a Nuclear Corrective Action Request form, reporting issues to the Employee Concerns program or contacting the Nuclear Regulatory Commission.

Our Compliance Hotline also offers employees the opportunity to ask questions about decisions they are unsure about.

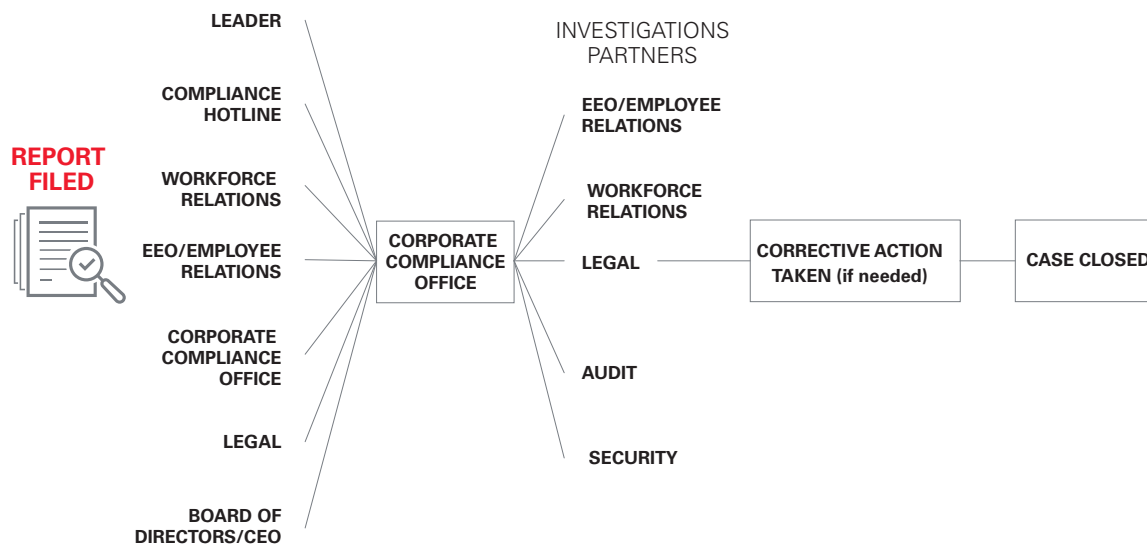
As we follow up on reports, we conduct effective and timely investigations, take appropriate action and ensure employees are safe from retaliation. The Investigations Governance Committee oversees the investigation process and is comprised of the general counsel and chief compliance officer, chief financial officer, chief audit officer and chief human resources officer.

When concerns are reported through the Compliance Hotline, the Corporate Compliance and Business Conduct Office assigns them to the appropriate business function to investigate based on allegation type. Business functions include Equal Employment Opportunity and Employee Relations, Workforce Relations, Legal, Security or Audit. These business functions also receive and investigate concerns reported through other channels. All reports are tracked and processed through a case management system that provides the company with a comprehensive view of allegations.

We received 3.0 reports per 100 employees in 2021. Over half of the reports fell under workplace conduct, which includes harassment, discrimination and other unacceptable behaviors (such as bullying, hazing and horseplay), as well as unprofessional conduct and unfair treatment. It should be noted that in the last two years after shifting many employees to a work from home model, case volume has gone down. Without as much opportunity for office interaction, it follows that investigations, and the behaviors that lead to them, continue to be lower than in pre-pandemic years. We will continue to closely monitor case activity and see if it begins to rise as employees return to the workplace.

Overall, just over one-third of all investigations required corrective action, ranging from counseling to termination. We remain committed to providing clear expectations of what we require from our employees and what behaviors are simply not tolerated.

XCEL ENERGY'S COMPLIANCE REPORTING PROCESS





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 150 years 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.

A key policy objective for Xcel Energy is to enable our vision of becoming a net-zero energy provider by 2050, with a focus on initiatives that further the critical clean energy technologies for reaching our goals. To that end, we're supporting policy efforts that increase research and development and offer the right incentives to foster commercial demonstrations and early deployment of clean technologies. 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're engaged on initiatives that advance zero-carbon 24/7 power technologies and storage, as well as those that make electric transportation more affordable, convenient and easier to use or improve the efficiency and cost effectiveness of advanced electric appliances and low-carbon gas or hydrogen for serving customers.

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

Xcel Energy's Board of Directors oversees public policy engagement and political participation, with the Governance, Compensation and Nominating (GCN) Committee annually reviewing the company's policy, key lobbying activity, expenditures and contributions. Within the company, the senior vice president, Strategy, Security and External Affairs reports to the CEO and is responsible for Xcel Energy's policy positions, strategy and political participation.

Highlights

- Xcel Energy supported the \$1.2 trillion bipartisan Infrastructure Investment and Jobs Act (IIJA) that the U.S. Congress adopted in November 2021. The new law provides more than \$60 billion in energy related infrastructure funding. It includes, but is not limited to, a \$5 billion grid resiliency grant program, over \$21 billion in funding for clean energy demonstrations, \$15 billion for EV charging, and \$8 billion for clean hydrogen hub development. We are working with our trade associations to advocate that federal agencies implementing the IIJA do so in a way that effectively allows our industry to participate.
- We partner with consumer advocates, energy companies, and state and local officials to support increased federal assistance to households struggling to afford their energy bills. Congress enacted legislation in September 2021 providing \$3.75 billion in annual appropriations for the Low Income Home Energy Assistance Program (LIHEAP). Just a few months later, the IIJA was passed, which included \$500 million in supplemental funding for low-income customer assistance. In March 2022, Congress passed an appropriations package that included \$3.8 billion for LIHEAP, representing a nearly decade-long streak of year-after-year incremental funding increases.
- In Colorado, we are implementing legislation passed in 2019 through our landmark clean energy plan, which will reduce our carbon emissions in the state more than 85% from 2005 levels. In 2021, we supported Colorado's groundbreaking Clean Heat Standard legislation that sets a flexible path for the state to reduce greenhouse gas emissions 22% by 2030.
- We advocated for the Natural Gas Innovation Act in Minnesota that allows us to reduce greenhouse gas emissions from our natural gas business through investment in innovative resources. Additionally, we supported the Energy Conservation and Optimization Act that promotes additional load management and conservation and is fuel neutral, meaning customers can switch their natural gas appliances to electric if the new measures save energy.
- Under Colorado's Innovative Clean Energy Technologies legislation, Xcel Energy can apply to the public utilities commission to develop innovative technology projects or pilots that demonstrate the use of low- and zero-carbon resources. We supported the legislation and have agreed to confine any projects we propose to areas or communities affected by early coal plant closures.
- To help inform policymakers and other stakeholders, we released a report in November 2021 detailing our net-zero vision for the natural gas business. Following that publication, we engaged with modeling experts Energy, Economics + Environment (E3) to assess potential strategies for achieving our 2030 emissions reduction goal and our 2050 net-zero vision. The E3 analysis confirms that a portfolio approach will be required for the natural gas business.

Carbon-Free Technology Initiative

Today's technologies can get us much of the way to a 100% clean energy future, but completing the work will require new, carbon-free 24/7 energy technologies that are affordable for customers. These technologies are driving the pace of our clean energy transition, and federal policies are necessary to accelerate the speed of innovation and ensure new technologies are demonstrated and commercialized in the time we need them.

Xcel Energy helped establish the Edison Electric Institute's Carbon-Free Technology Initiative (CFTI) to support zero-carbon 24/7 energy technologies. Launched in early 2021, it is the most significant technology initiative the industry has ever undertaken. 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 geothermal
- Zero-carbon fuels, such as hydrogen and ammonia
- Advanced nuclear energy, both fission and fusion
- Carbon capture, utilization and storage

The power industry to date 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.

In late 2021, CFTI was successful in influencing the Infrastructure Investment and Jobs Act (IIJA) that President Biden signed into law. Xcel Energy is prioritizing which funding areas to pursue under the IIJA. We also continue to support CFTI, and together, we are working with the U.S. Department of Energy on the IIJA implementation.

Learn more about CFTI at 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, Security 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.

Regarding 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.

Organization	Position on Climate Change
Edison Electric Institute (EEI)	EEI's member companies are leading a clean energy transformation. We are united in our commitment to get the energy we provide as clean as we can as fast as we can, without compromising on the reliability or affordability that are essential to the customers and communities we serve. EEI's member companies are committed to continuing to reduce carbon emissions in our sector and to helping other sectors—particularly the transportation and industrial sectors—transition to clean, efficient, electric energy.
American Gas Association (AGA)	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 eight policy principles for developing an effective national policy for reducing greenhouse gas emissions and addressing climate change.
Nuclear Energy Institute (NEI)	We need deep decarbonization to hit our climate goals. Nuclear power can get us there. As our largest source of carbon free energy, nuclear power is critical to reducing greenhouse gas emissions. Wind, solar and geothermal are on the rise, but the smartest policies will ensure these technologies complement, not replace, nuclear's clean energy production. Protecting and growing our use of nuclear technologies are important ways to dramatically reduce greenhouse gases and help us make meaningful progress to address climate change.
American Clean Power Association (ACP)	Economic recovery and combating climate change go hand in hand, and President Biden has made these critical issues some of his top priorities. 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.
Zero Emissions Transportation Association (ZETA)	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. Zeta has six policy pillars, including light-duty EV consumer adoption, medium- and heavy-duty electrification, a national charging initiative, encouraging domestic manufacturing, performance and emissions standards, and federal leadership.

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.

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 in our jurisdictions for employees to meet or hear from their elected officials to learn more about the legislative process.
- **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.

2021 Xcel Energy Political Action Committee Activity

PAC*	Employees Participating**	Total Employee Contributions to PAC	Total Contributions to Candidates***
Minnesota****	238	\$35,297	\$37,900
North Dakota	250	\$4,211	\$15,000 (All Caucuses)
South Dakota	240	\$2,709	\$0
Texas, New Mexico (SCOPE)	270	\$30,972	\$5,000
Colorado (Western PAC)	266	\$26,008	\$24,175
Wisconsin	246	\$23,615	\$15,500
Federal PAC (XPAC)	277	\$207,298	\$243,364

*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 in each of the six different state PACs shown 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.



Supply Chain Management

We manage a reliable and secure supply chain through well-established processes and by regularly monitoring our more than 3,000 suppliers.

Suppliers play an essential role in our company's ability to lower costs, operate efficiently and deliver the energy that our customers value. That is why we constantly evaluate our sourcing practices and look for opportunities to improve. After all, if we can increase productivity, reduce waste or negotiate better prices, those improvements are passed on to customers and help keep energy bills low.

We manage the continuity of our supply chain through strong business relationships and planning. Our goal is to make sure we always have the materials and services available to avoid significant disruptions to our operations and the service we provide. While over the past several years supply chains around the globe have been disrupted, our strategic alliances and relationships have remained strong, demonstrating their value by helping to minimize rising costs and availability issues in our supply chain.

Most of our suppliers are located within the eight states we serve. As much as possible, we try to do business within our service area to support local economies. We also seek business partners that share our priorities around safety, diversity and environmental protection and that will adhere to our Supply Chain Code of Conduct, which sets the standards by which we expect our partners to conduct business.

Governance

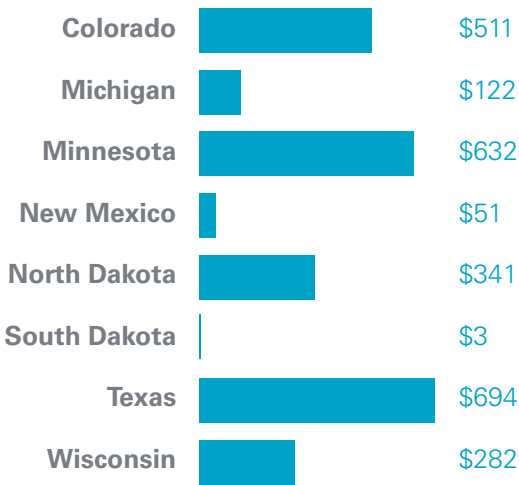
The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all aspects of operations and operational performance, including supply chain. Within Xcel Energy, the vice president of Supply Chain is responsible for the company's sourcing strategy and procuring materials and services, under the oversight of the chief audit and financial services officer, who reports to the CEO.

Highlights

- Our supply chain spending in 2021 was approximately \$4.4 billion, with \$2.6 billion—or 60%—going to local businesses in states we serve. While not all materials and services can be sourced locally, we build relationships and set targets to support economies within our eight-state service area.
- Xcel Energy purchased \$1.5 billion in goods and services from small and diverse businesses in 2021, including approximately \$560 million—or nearly 13%—from diverse suppliers. Find more information about our Supplier Diversity Program in the [Diversity, Equity and Inclusion brief](#) in Xcel Energy's Sustainability Report.
- We provided Xcel Energy's first-ever **Supply Chain Code of Conduct** to current suppliers in 2021. The newly launched code outlines supplier requirements associated with our core values—connected, committed, safe and trustworthy—and describes expectations around protecting human rights and the environment and working ethically and safely. Previously, suppliers were expected to follow Xcel Energy's Code of Conduct for employees.
- This past year, we started collecting workforce diversity information from our 30 largest suppliers, based on spending terms, and intend to continue gathering the information annually as part of our Supplier Relationship Management program. While we have not set workforce diversity goals for suppliers, we may do so in the future.
- The agility of our supply chain was tested by the devastating Marshall Wildfire in Boulder County on Dec. 30, 2021. In less than 36 hours, we provided 20,000 electric space heaters for keeping customers warm until natural gas service could be restored following the fire. We also supplied approximately \$1.16 million in materials, including 16 miles of cable, more than 300 poles and 67 transformers, to support our crews, contractors and mutual aid partners in restoring electricity and natural gas service as safely and quickly as possible to those affected by the disaster.
- We formed a market intelligence team within our Supply Chain organization that is responsible for measuring procurement performance, developing a supplier risk management program, and scouting cutting-edge, innovative market trends. The team plays an integral role in forecasting potential supply chain disruptions and works with company leaders to mitigate risks and navigate a challenging supply chain environment.

We support local economies by purchasing goods and services in the states we serve.

\$2.6 Billion
in Local Spending on Materials and Services (in millions)



Supply Chain Process

Our central Supply Chain organization is responsible for the sourcing and procurement of goods and services, materials management and fleet management for all Xcel Energy operations. They negotiate contracts for everything from day-to-day business necessities, such as office supplies and furniture, to capital items used to construct, operate and maintain our generation and transmission assets, including transmission poles and transformers. They develop supplier and contractor management strategies and policies, handle accounts payable, and execute company-wide sourcing and procurement strategies.

We employ a systematic sourcing method to deliver needed materials and services to the right place at the right time for the right price. To select suppliers, we use a five-step sourcing process that includes: preparation, request for information, request for proposal, contract evaluation and negotiation, and implementation.

Four key business objectives—each associated with specific initiatives—drive our supply chain strategy. These include:

- Maximizing investment yield
- Achieving operational excellence
- Managing risks and opportunities
- Supporting community and environmental leadership

Under our Supplier Diversity program, we aim to broaden our supplier base by giving diverse businesses an opportunity to compete in Xcel Energy’s procurement process. We annually set targets for doing business with companies owned by women or veterans or whose owners are disabled, ethnically or racially diverse, or lesbian, gay, bisexual or transgender. To help facilitate this, we conduct regular outreach efforts, form alliances and partnerships, and identify and encourage subcontracting opportunities along with direct participation in our supply chain.

Our spending on materials and services falls into 36 categories with more than 800 subcategories. These categories are used to determine risk, opportunity and negotiation leverage with suppliers. We have developed guidelines for bid analysis for all categories. Within these guidelines, up to 20% of the bid analysis weight can be allocated to social and environmental factors such as diversity, safety and environmental performance.

Supply Chain Spending Categories			
Aggregates	Electrical Equipment	Marketing and Demand-side Management	Staff Augmentation
Battery	Engineering Services	Meters	Steel Structures
Boiler Systems	Environmental	MRO Materials	Transformers
Cable and Wire	Fleet	Other Plant Systems	Transportation Services
Chemicals, Gases and Lubes	Gas Materials	Property Services	Travel Services
Circuit Breakers	HR and Benefits	Radiation Protection	Turbine and Generator Systems
Construction	IT and Telecom	Revenue Cycle	Vegetation Management
Consulting Services	Logistics Integrator	Safety	Wind
Dry Fuel Storage	Maintenance Services	Solar	Wood Poles

Find information about our Supplier Diversity Program in the [Diversity, Equity and Inclusion brief](#) in Xcel Energy's Sustainability Report.

Risk Management

Through our Supplier Qualification program, we use services such as Dunn & Bradstreet to regularly monitor all active suppliers for Office of Foreign Assets Control, Excluded Parties List System, OSHA and EPA violations, as well as criminal proceedings and disaster events. We assess suppliers' financial health, safety and use of diverse subcontractors before contracting with them, and suppliers that will have access to our confidential data must undergo a data security review.

Periodically, we conduct key risk assessments, looking at categories such as commodity price risk, supply continuity, quality and governance processes. We also design sourcing strategies that take into account multiple fulfillment locations and supply channels that can minimize potential supply disruptions in case of extreme weather or disaster-related events.

Our company works with a broad range of suppliers. Most of our spending is with American suppliers, but we also do significant work with American-based affiliates of foreign suppliers and a small amount of work with foreign suppliers.

We have a Security Vendor Risk Assessment program that focuses on exposure to cyber, information and other security risks to Xcel Energy that could result from suppliers' access to our systems, confidential information and critical infrastructure. The requirement for this additional level of scrutiny is established in sourcing and contracting processes and involves a comprehensive testing of the supplier's security environment by our Enterprise Security Services team.

All contractors that provide services or materials at our sites are required to complete a contractor health and safety questionnaire and submit their safety programs and five years of safety-related performance data. Our third-party safety administrator reviews this data to Xcel Energy's requirements and may reject a contractor or require a safety improvement plan. We continue to monitor safety performance once a contract is implemented.

In addition, all contracts include a clause requiring suppliers to abide by equal employment opportunity and affirmative action mandates prohibiting discrimination on the basis of race, color, religion, sex, national origin, actual or perceived sexual orientation or gender identity of an individual, or physical or mental disability.

All suppliers are expected to comply with our [Supply Chain Code of Conduct](#). Additionally, they should meet the expectations outlined for suppliers and third-party partners in our [Human Rights Position Statement](#).

Supplier Classifications

We classify our suppliers in four tiers based on a combination of overall supplier spend and their importance or risk to our operations. Critical suppliers provide essential materials and services required to support daily operations. Tier one suppliers, including those who are critical to our operations, are part of our Supplier Relationship Management program. The program enables us to build longer-term contracts with these strategic suppliers and implement continuous improvement initiatives to benefit both the supplier and Xcel Energy in terms of costs and operations. Suppliers are also tiered, based on our total spending with them.

Tier	Annual Spending	Number of Suppliers	% of Annual Spend
Tier 1	More than \$10 million	77	70%
Tier 2	Between \$4 to 10 million	80	12%
Tier 3	Between \$1 to 4 million	225	10%
Tier 4	Less than \$1 million	3,048	8%

Through our Supplier Diversity program, we contract not only directly with diverse suppliers, but also partner with our non-diverse suppliers to identify and encourage subcontracting opportunities for diverse suppliers. We support suppliers in non-tier one spending classifications through collaborative initiatives and programs. For example, we are a founding member of the ITASCA-Project in the Twin Cities, which is dedicated to helping smaller local suppliers grow through procurement opportunities. The ITASCA-Project group is made up of chief supply chain personnel from large corporations, such as Xcel Energy, U.S. Bank, Target, United Health and General Mills, who meet monthly to discuss ideas for supporting the local economy by growing the capacity of small- and medium-sized businesses.

