

Leading the Energy Future

2017 EEI ESG/Sustainability Template



Xcel Energy is a major U.S. energy company that provides electricity and natural gas to millions of homes and businesses across eight Western and Midwestern states. Powering the lives of our customers and communities is at the core of what we do each day, and managing our economic, social and environmental responsibilities is fundamental to how we operate. That is why leading the clean energy transition is a strategic priority for us — creating opportunities to grow our business as we build a more affordable, clean and sustainable energy future for those we serve.

Xcel Energy's clean energy progress.



Achieved a generation portfolio that is **27 percent** renewable with plans to reach 48 percent renewable energy in 2022



Reduced carbon emissions **35 percent** since 2005, surpassing the overall reduction goal of EPA's Clean Power Plan



Initiated plans to reduce carbon emissions **60 percent** by 2030, a goal that is more than double the U.S. commitment in the Paris Agreement

Safe Harbor Statement:

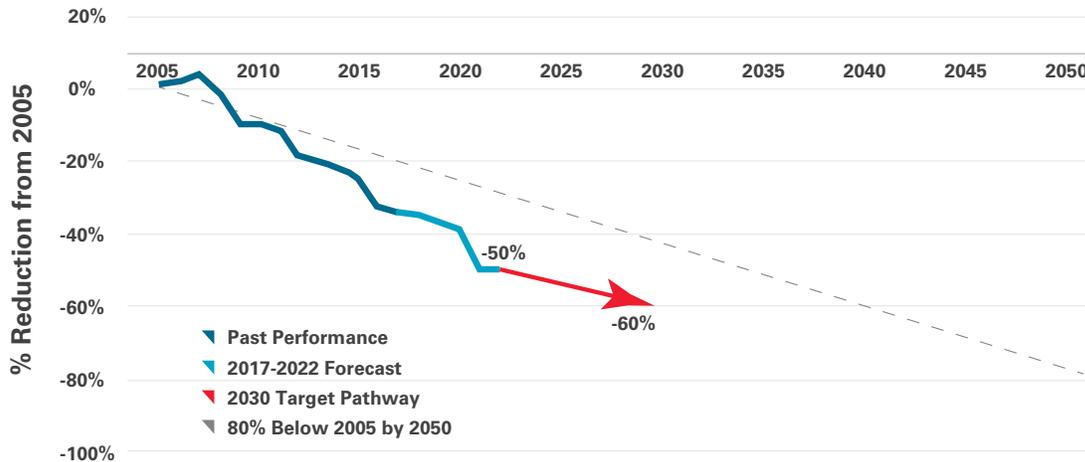
This material contains forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward looking statements include projected carbon emissions reduction, changes in generation portfolio, planned retirements, and planned capital investments and are identified in this document by the words "anticipated", "approximately", "assuming", "believe", "expect", "goal", "initiated", "plan", "potential", "proposed", "recommends", "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. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including the availability of credit, actions of rating agencies and their impact on capital expenditures; business conditions in the energy industry: competitive factors; unusual weather; effects of geopolitical events; including war and acts of terrorism; changes in federal or state legislation; outcomes of regulatory proceedings; actions of regulatory bodies; and other risk factors listed from time to time by Xcel Energy in reports filed with the SEC.

Leading the Clean Energy Transition

For over a decade, we have managed the risk of climate change and carbon policy through a clean energy strategy that consistently reduces carbon emissions without sacrificing reliability or affordability. Since 2005, we have reduced carbon emissions company-wide by 35 percent — a level that surpasses the goal of EPA's Clean Power Plan and the U.S. commitment under the Paris Agreement, many years ahead of schedule.

By 2022, we expect to reduce carbon emissions 50 percent from 2005 levels. Our company-wide goal is to reduce carbon emissions 60 percent by 2030 — one of the most ambitious goals in the industry. Beyond 2030, we expect emissions reductions to continue, assuming a supportive regulatory environment, favorable economics, advances in technology and ongoing customer support. Under our current emissions trajectory, we are on pace to reduce carbon emissions at least 80 percent by 2050, a level consistent with national and international climate goals.

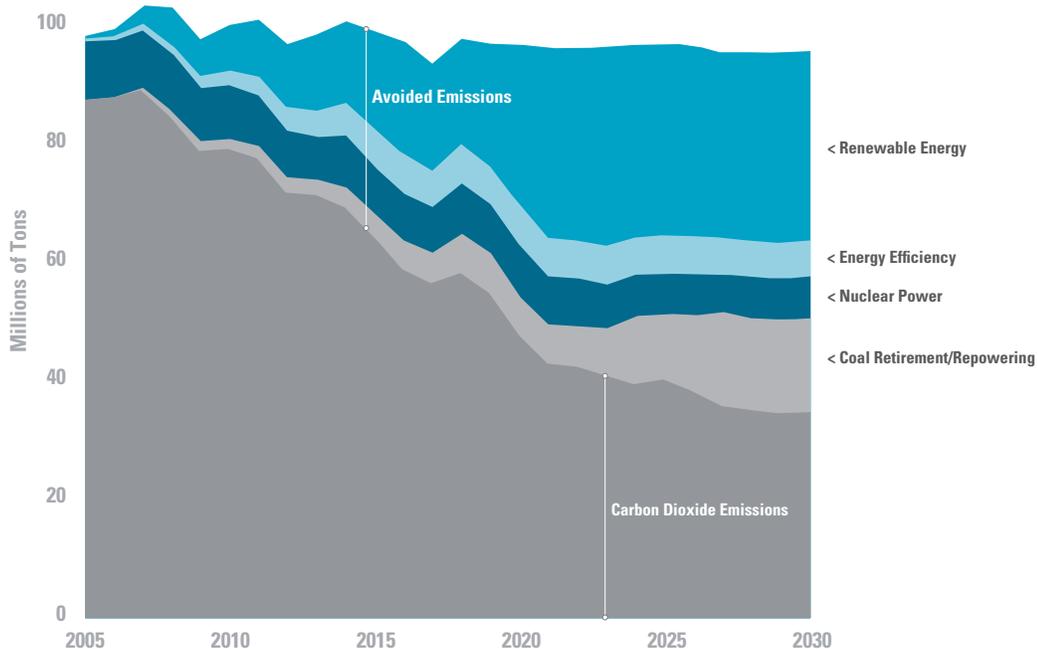
Xcel Energy's emissions trajectory aligns with reduction levels anticipated to limit global temperature increases to 2° C above preindustrial levels.



Our clean energy strategy focuses in four key areas to achieve carbon emissions reductions:

- Investing in wind and solar under our Steel for Fuel growth strategy and offering customers more renewable energy choices
- Helping customers manage their energy use and bills through efficiency and rebate programs
- Maintaining carbon-free nuclear plants
- Transforming the electric grid by retiring aging coal plants and replacing them with flexible natural gas, renewables and advanced technologies

Xcel Energy's clean energy strategy is driving reductions in carbon emissions.



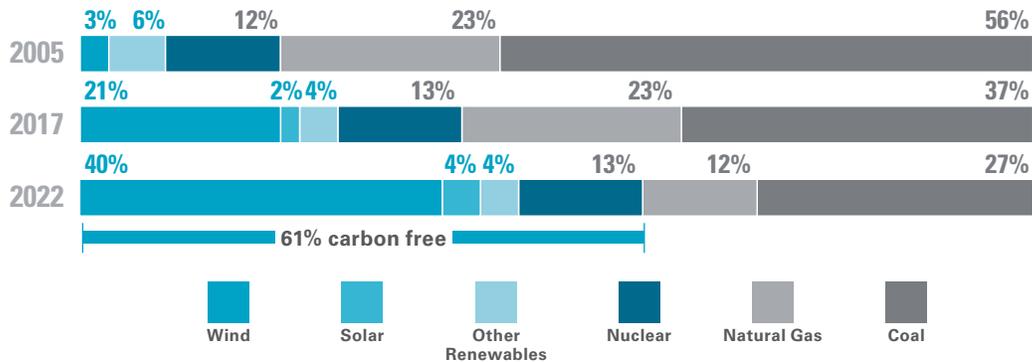
Investing in Clean Energy

In the next five years, our capital plans call for investing billions in clean energy projects — from renewable energy resources and associated transmission to advanced grid technology. Xcel Energy operates in regions of the United States with some of the best wind and solar resources for producing electricity, and we plan to capitalize on this. Under our Steel for Fuel growth strategy, we are investing in renewable projects where construction costs are offset by lower fuel and operating costs.

We are currently implementing the country's largest multi-state wind plan with 12 new wind farms approved by utility regulators. When the projects are complete in 2021, they will increase our owned wind portfolio fourfold to about 3,900 megawatts. We expect to be the first U.S. energy provider to surpass 10,000 megawatts of total wind capacity and have proposed to do even more under the Colorado Energy Plan.

Under current plans, Xcel Energy will nearly double its wind generation by 2022.

Xcel Energy Generation Mix (Owned and Purchased Power)



In addition, we offer a growing portfolio of renewable energy choice programs, which are among the largest and most successful in the country. Our newest program, Renewable*Connect®, provides customers in Colorado and Minnesota a more flexible, convenient and cost-effective option for acquiring up to 100 percent renewable energy.

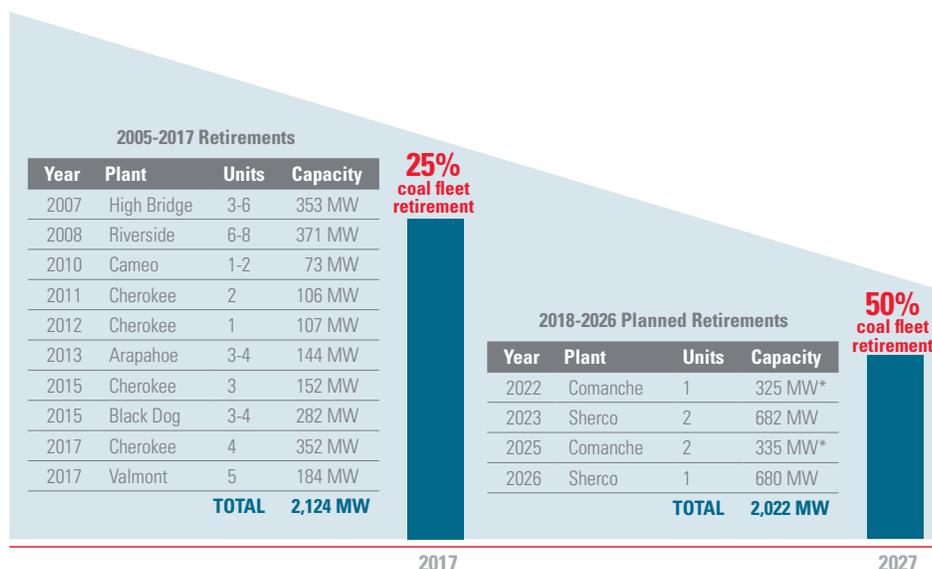
Managing Energy Use

To empower customers who want to reduce their carbon footprints even further, we offer a comprehensive portfolio of more than 150 energy efficiency programs. We spent \$219 million on programs in 2017 and provided customers nearly \$118 million in rebates. Customers saved more than a terawatt hour of electricity for the year, enough to power 152,000 homes, and 1.5 million dekatherms of natural gas, enough to fuel 21,000 homes.

Transitioning from Fossil Fuels

As we expand the use of renewable energy and cleaner natural gas, we are reducing coal generation. From 2005 to 2026, we will retire 20 coal units under approved plans. If the Colorado Energy Plan is approved, we will retire two additional coal units, with total coal retirements from 2005 to 2026 representing approximately 50 percent of the coal-fueled capacity we own.

Xcel Energy's declining reliance on coal enables significant reductions in carbon emissions.



* Proposed under the Colorado Energy Plan.

Regional Clean Energy Efforts

Xcel Energy's clean energy plans are driven at a state level to reflect local priorities. Our four operating companies work closely with state regulators, policy makers and other stakeholders to support regional interests. Combined, these regional efforts will help achieve our company-wide goal to reduce carbon emissions 60 percent by 2030.

Colorado (Public Service Company of Colorado)

We introduced the Colorado Energy Plan in 2017 as a transformative step toward a clean energy future for the state. The proposal provides for more than \$2.5 billion of investment in Colorado, including \$1 billion by Xcel Energy.

The plan recommends:

- The early retirement of 660 megawatts of coal-fueled generation
- The addition of 1,100 megawatts of wind, 700 megawatts of solar and 380 megawatts of existing natural gas resources; Xcel Energy would own 500 megawatts of the wind and all of the natural gas resources
- The largest stand-alone proposal to add 275 megawatts of large-scale battery storage

If approved by regulators in 2018, we expect to achieve approximately 55 percent renewable energy and reduce carbon emissions nearly 60 percent from 2005 levels by 2026 in Colorado.

Upper Midwest (Northern States Power-Minnesota, Northern States Power-Wisconsin)

Under our current, approved resource plan, we are retiring almost 1,400 megawatts of coal-fueled generation by 2026 and replacing the capacity with more than \$3 billion of investment in a combined-cycle natural gas plant and 1,850 megawatts of wind generation. As we begin stakeholder discussions for our next resource plan due in 2019, we believe we can do more if we can continue to operate our two nuclear plants through the end of their licenses in the 2030s.

Our vision is to achieve 85 percent carbon-free energy and reduce carbon emissions 80 percent by 2030 while keeping customer bills at or below inflation in the Upper Midwest.

Texas and New Mexico (Southwestern Public Service Company)

Our plans in the Southwest focus on keeping customer energy bills low, powering economic development and using the region's natural resources in the most efficient way to serve customers. Under our multi-state wind plan, we are developing 1,230 megawatts of wind power in New Mexico and Texas, of which we will own 1,000 megawatts. To reliably connect the additional renewable energy resources to meet demand, we are investing \$1.2 billion in new transmission and substations to be installed or upgraded from 2018 to 2022.

By 2022, we expect to achieve 48 percent renewable energy and reduce carbon emissions at least 50 percent from 2005 levels in the Southwest.

Managing Industry Change

The energy landscape is changing, driven by new technologies and customers who are demanding new energy choices and a lower carbon footprint. In this new energy economy, our clean energy strategy delivers safe, clean, reliable and affordable energy to all customers while creating investment opportunities.

Through a number of innovative technology initiatives, we are positioning our operations for the future and enhancing system resilience. Examples of these efforts include:

- Testing battery-storage technology capabilities and performance through two demonstration projects focused on balancing customer-sited solar energy and the electric grid, and serving as back-up power for large customers.
- Investing \$1.1 billion in our Advanced Grid Intelligence and Security initiative to transform the electric grid into an intelligent, integrated network that is more capable of integrating distributed energy resources and will provide customers with new options.

- Reducing the risk of wildfire damage by testing fire-resistant coatings for wood poles and using light detection and ranging (LiDAR) technology to identify dead trees and other flammable debris around our facilities, as well as working with fire scientists and government agencies to strategically clear debris.
- Establishing a first-of-its-kind Partnership for Safety Plan with the Federal Aviation Administration to use unmanned aircraft systems or drones to safely and efficiently inspect power lines and natural gas pipelines — a practice that will ultimately improve our ability to prevent and respond to emergencies.

Corporate Strategy and ESG/Sustainability Governance

At Xcel Energy, we manage our economic, environmental and social responsibilities through our corporate strategy and governance structure, which enable decision makers across the company to effectively address current and emerging risks and opportunities.

Our corporate strategy includes three priorities that align with the company’s economic, environmental and social responsibilities to produce sustainable outcomes.

Lead the Clean Energy Transition	Keep Bills Low	Enhance the Customer Experience
Environmental Responsibilities <ul style="list-style-type: none"> • Renewable Energy • Advanced Technologies • Climate Change • Air Quality • Waste Management • Water Management 	Economic Responsibilities <ul style="list-style-type: none"> • Affordable Energy • Economic Development • Supply Chain • Public Policy • Governance, Ethics and Compliance 	Community Responsibilities <ul style="list-style-type: none"> • Energy Reliability • Safety • Energy Efficiency • Community Giving • Customer Satisfaction • Labor Practices and Workforce Development

Success across these priorities means that we are turning risks into opportunities and solving a spectrum of sustainability challenges. For example, in focusing on clean energy, we are advancing technology, investing in communities and introducing products that customers want and value. It has resulted in more favorable regulatory outcomes, the ability to proactively shape public policy, more affordable energy and an electric grid that is safer, more resilient and secure.

Xcel Energy’s governance structure integrates and seeks to manage the company’s responsibilities at all levels, starting with strong leadership from the board and executive team. We also tie performance to compensation, including executive long-term incentives based on carbon reductions.

Board Oversight	Our board of directors, led by the chairman, president and CEO, oversees ESG/sustainability-related issues and initiatives through four committees: Governance, Compensation and Nominating; Audit; Operations, Nuclear, Environmental and Safety; and Finance.
Executive Oversight and Management	The executive team plans and executes on strategies designed to achieve Xcel Energy’s priorities, including ESG/sustainability-related issues and initiatives, such as growth plans and the clean energy strategy.
Business Area Management	Each business area is responsible for certain aspects of sustainability, and uses effective performance management techniques and compensation design to align employees around successful execution of our goals and efforts.
Operating Companies	Operating companies execute on our corporate strategy and develop and implement plans that address ESG/sustainability and fulfill our economic, environmental and community responsibilities.

Please see Xcel Energy’s annual **Corporate Responsibility Report** for more information on our economic, environmental and social performance and management at [xcelenergy.com/CorporateResponsibility](https://www.xcelenergy.com/CorporateResponsibility).