

## THE ENVIRONMENT

# New carbon target: 60 percent reduction by 2030

This achievement is a component of our efforts to significantly reduce our carbon footprint by increasing our large-scale renewable portfolio, repowering existing facilities with more carbon-friendly natural gas and maintaining our nuclear, hydro and biomass operations.

### Always Delivering

It is what we do: 24 hours a day, seven days a week, 365 days a year.

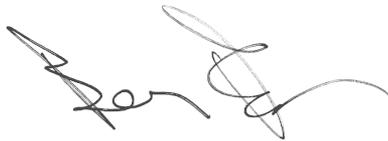
We are proud to power the lives of millions of people and to give back to the communities we serve. Our record-setting United Way campaign raised more than \$3 million and brought thousands of volunteer hours to nonprofits throughout our service territory.

We are unwavering in our commitment to partner with stakeholders to build value — whether it is delivering renewable energy, expanding customer choices or making it easier than ever to do business with us.

We know that our business continues to evolve and are well-positioned to deliver long-term value regardless of the challenges triggered by the rapid pace of change.

Once again, we appreciate the trust you place in Xcel Energy. We don't take it for granted as we strive to deliver exceptional value for you today and tomorrow. With your partnership, our future is indeed very bright.

Sincerely,



Ben Fowke  
Chairman, President and  
Chief Executive Officer

Xcel Energy's carbon reduction story keeps getting better and better. Our preliminary emissions reporting shows that we achieved a significant milestone at the end of 2016, reducing our carbon emissions 30 percent (from a 2005 baseline) four years ahead of schedule. Our latest projections, based on proposed plans and projects in development, indicate that we will achieve at least a 45 percent reduction in carbon emissions system wide by 2021. Looking out further, we believe we can achieve a new target: a 60 percent system-wide carbon reduction by 2030. This goal is based on our experience with emissions reductions, but will depend on favorable economics and a supportive regulatory environment.

Xcel Energy's successful carbon-reduction blueprint includes repowering existing facilities with more carbon-friendly natural gas, adding significant amounts of low-cost wind and solar energy and encouraging energy efficiency through programs that saved more than a terawatt-hour of electricity last year and generated more than \$71 million in rebates for business and residential customers.

We are now emitting significantly fewer carbon emissions — 27 million tons per year — than we did in 2005. That's the equivalent of removing five million cars from the road for a year. As we transform our energy portfolio, perhaps the most important part of the story is our ability to reduce carbon emissions without adding costs. Overall, our energy supply is more diverse and better for the environment at a competitive price for our customers.

By the end of this year, we will have retired 25 percent of the coal-fueled generation we owned in 2005. Others are taking notice. In 2016, the EPA, Center for Climate and Energy Solutions and The Climate Registry presented Xcel Energy its Climate Leadership Award for excellence in greenhouse gas management for our commitment and progress in reducing carbon emissions.

### 30% Reduction in Carbon Emissions 2005-2016

