

SUSTAINABILITY



BUILDING THE FUTURE



2022
SUSTAINABILITY REPORT



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Who We Are

At Xcel Energy, we're not waiting for the future. We're busy building it.

Every day, we power millions of homes and businesses across parts of eight Western and Midwestern states. Our customers count on us around the clock to deliver safe, reliable, competitively priced electricity and natural gas.

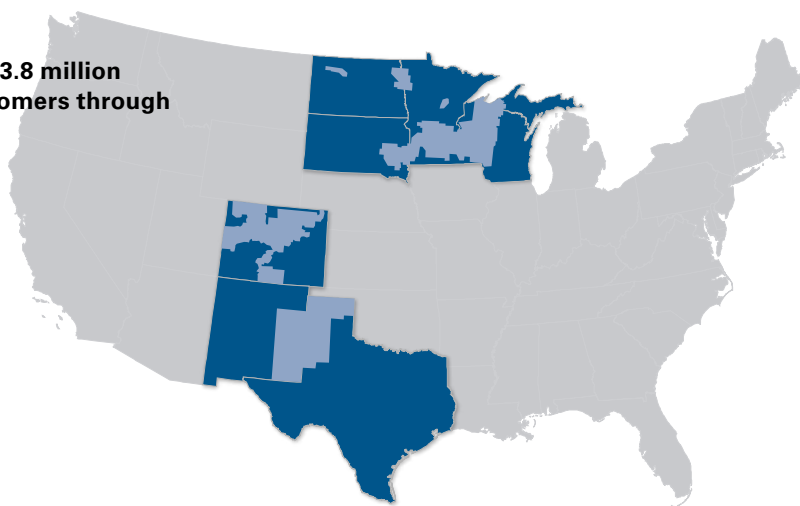
We're leading the clean energy transition as the first major U.S. power company with a vision for providing 100% carbon-free electricity. We've expanded on that commitment to become the first in our industry with comprehensive goals to reach net-zero emissions across the most significant ways customers use energy — electricity, natural gas use in buildings, and transportation.

Nearly 12,000 strong, the people of Xcel Energy are powering initiatives to achieve our goals and deliver an exceptional customer experience. We're retiring coal plants, adding renewables, exploring new technologies and helping to electrify other sectors, while working safely and keeping customer costs low. We're each accountable to live our corporate values: Committed, Connected, Safe and Trustworthy.

Beyond energy, we believe in strengthening our communities and giving back to the places we serve — whether we're offering economic development support, helping customers in need, or donating our time and financial resources.

Based in Minneapolis, Xcel Energy serves 3.8 million electricity and 2.1 million natural gas customers through four regulated operating companies:

- Public Service Co. of Colorado.
- Northern States Power Co.-Minnesota.
- Northern States Power Co.-Wisconsin.
- Southwestern Public Service Co.



Forward-Looking Statements

This report contains forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this report by the words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “goal,” “may,” “objective,” “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 elsewhere in Xcel Energy Inc.’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 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: 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 Codes of Conduct; our ability to recover costs and our subsidiaries’ ability to recover costs from customers; changes in regulation; reductions in our credit ratings and the cost of maintaining certain contractual relationships; general economic conditions, including recessionary conditions, 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; uncertainty regarding epidemics, the duration and magnitude of business restrictions including shutdowns (domestically and globally), the potential impact on the workforce, including shortages of employees or third-party contractors due to quarantine policies, vaccination requirements or government restrictions, impacts on the transportation of goods and the generalized impact on the economy; 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 events; natural disaster and resource depletion, including compliance with any accompanying legislative and regulatory changes; costs of potential regulatory penalties; regulatory changes and/or limitations related to the use of natural gas as an energy source; challenging labor market conditions and our ability to attract and retain a qualified workforce; and our ability to execute on our strategies or achieve expectations related to environmental, social and governance matters including as a result of evolving legal, regulatory and other standards, processes, and assumptions, the pace of scientific and technological developments, increased costs, the availability of requisite financing, and changes in carbon markets.



Bob Frenzel
President,
Chairman and
Chief Executive
Officer

Sustainability Report CEO Message

Dear Stakeholders,

Xcel Energy is at the heart of our nation's clean energy transition. In 2018, we cast our vision for a pragmatic and affordable path to a carbon-free future, and today, we're the turning that vision into reality. Guided by our customers' and communities' priorities and enabled by rapidly changing technology and supportive state and federal policy, we're driving toward a clean energy future, bringing reliable, affordable, increasingly sustainable energy to millions of customers.

It's an extraordinary time, with a once-in-a-century opportunity to map the future of energy in our country and around the world. By leading this transition, we have the chance to invest in a future that will produce economic and environmental benefits for our customers and communities. To meet this moment, we're transforming everything we do: how we operate, plan and work with stakeholders, and how we develop products and solutions to support those we serve.

Real results, responsible roadmaps for the future

Xcel Energy has never been more committed to providing affordable, reliable energy solutions that actively promote a clean environment for our communities, from cutting greenhouse emissions to improving air quality and water conservation. Our products touch people's lives and livelihoods, every minute of every day.

Through the end of last year, we have lowered carbon emissions from the electricity serving our customers by 53% from 2005 levels, and more than half the power we generate comes from carbon-free sources, compared to 41% nationwide. We also accelerated our plans to stop using coal by the end of 2030. And, we're achieving this transition while providing among the most affordable, reliable energy in the country.

Today, our comprehensive clean energy goals cover the most significant ways our customers use energy, including electricity, natural gas use in buildings, and transportation. Together, we estimate that those goals will reduce about 79 million tons of carbon dioxide equivalent, and we're 55% of the way there, having reduced 44.5 million tons of carbon since 2005. Our clean energy transition is producing other environmental results as well. We've reduced air emissions by about 80% from our power plants and cut water consumption from owned and purchased generation by 39%, compared to 2005 levels.

Looking ahead, progress toward our clean energy vision will only gain momentum, moving at the fastest pace possible while staying true to our foundational commitments to customers. We recognize the unprecedented complexity and scale of transforming the energy system and are developing solutions to meet this challenge. We created a new, cutting edge strategic planning organization that combines the planning functions for our increasingly integrated energy system, allowing us to find new and more efficient ways to serve our customers across all the ways they use energy. Similarly, we have dedicated talent and capital to identifying, incubating and scaling today's nascent technologies to solve for the grid reliability and resiliency challenges of tomorrow's clean energy ecosystem. Thanks to these efforts, Xcel Energy is leading some of the most exciting clean energy demonstration projects in long-duration storage and clean hydrogen production.

If technology is one critical factor to achieving our clean energy vision, public policy and regulation is the other. We made great strides in 2022 when our state regulatory commissions approved our Colorado and Upper Midwest energy plans — plans that create real roadmaps to our 80% carbon reduction by 2030 target. Within the next seven years, both plans are expected to reduce carbon emissions at least 85% and deliver 80% of energy from carbon-free resources in our two largest service areas and end the use of coal by 2030.

We are actively collaborating with stakeholders on legislation to create synergistic public policy that reflects government priorities and positions our sector to help achieve them. The past 12 months have seen several positive outcomes in the policy space:

- In early 2023, legislation passed in Minnesota that set 2040 as the state's target for 100% carbon-free electricity while including customer affordability and reliability as priority standards.
- New "clean heat" pathways were created in both Minnesota and Colorado, where we will leverage an extensive stakeholder engagement and planning process to implement net-zero natural gas service by 2050.
- After advocating for years to enact the policies and incentives in the Infrastructure Investment and Jobs Act and Inflation Reduction Act, we're working with our states to optimize funding opportunities and have applied for approximately \$1.6 billion in grants for two hydrogen hubs, a long-duration storage initiative and four resiliency projects that, if successful, will benefit our customers at lower costs.

Exceptional service, partnership to help communities thrive

Sustainability includes more than the environment. It's about building a better future for the places and people we serve in partnership with community stakeholders.

That community building starts with delivering an essential foundation of reliable, affordable energy — where we continue to excel. We outperform the industry reliability standard, restoring power to 94% of customers within 24 hours during major storm events — when customers need us most. Xcel Energy also remains one of the most affordable energy providers, with residential electric bills on average 20% lower than the national average.

For at least the past ten years, Xcel Energy has kept average annual bill increases at or below the rate of inflation. On a day-to-day basis, we continue making steps that save customers money and reduce their exposure to price volatility. We're carefully managing our expenses and driving process and technology improvements. We also offer customers a portfolio of industry-leading efficiency programs to help them save energy, and we continue investing in cost-effective wind and solar projects. From 2017 to 2022, our company-owned wind projects saved customers real money, approximately \$3 billion, through avoided fuel costs and earned tax credits.

Despite our efforts, high energy bills were a challenge in winter 2023, driven by extraordinary increases in natural gas prices. To support our most vulnerable customers, we expanded outreach encouraging customers to arrange payment plans and connected more than 190,000 customers to assistance programs from Xcel Energy and other public sources in 2022. Those customers benefitted from a total of \$216 million in energy assistance — a nearly 50% increase in funding compared to 2021. And, we are continuing to work on sensible policies that will enhance our ability to protect our customers from future natural gas price volatility while allowing us to continue to provide the clean, reliable services our customers expect.

These efforts come from a deep-seated culture of helping others and giving back. This past year, our company and the Xcel Energy Foundation donated more than \$10 million across our eight states, with employees and retirees contributing more than \$3 million through our giving campaigns and programs. In addition to their dollars, 5,600 individuals donated their time, volunteering more than 74,000 hours for non-profit and community improvement projects — a contribution valued at more than \$2 million for our local partners.

Our contributions change lives and brighten communities. Thanks to our 2022 Xcel Energy Foundation grants alone:

- More than 800,000 students benefited from enhanced STEM learning opportunities, including 380,000 female learners.
- 11,000 trees were planted, offsetting nearly 8,000 tons of carbon.
- 8,000 individuals gained employment, generating \$260 million in wages.

Our team partners with local economic development organizations to expand or attract new business to our communities, initiating 40 projects across our eight states in 2022, with potential to add \$1.8 billion in investment and about 2,900 jobs. Much of this work is happening in communities that for decades hosted coal operations that are now retiring. To retain talent, we have pledged to work with employees at retiring coal plants to help them prepare for other roles at the company. For our host communities, we're committed to finding opportunities that maintain a healthy tax base such as exploring replacement power facilities at existing sites while also working to attract new business or expansion opportunities.

A best-in-class workforce, equity for everyone

Our clean energy and other initiatives are powered by people. Like many companies, attracting and retaining top talent is a priority. We're busy developing key connections and pipelines to ensure we're able to build and maintain our workforce for the future — one that matches the diversity of our communities. Xcel Energy's commitment to diversity starts with leadership. In the past year, we've increased female representation on both the Xcel Energy Board of Directors and senior executive leadership to more than 30%, and racial or ethnic diversity of our leaders has increased as well.

Our clean energy transition is an opportunity to make sure our energy future is not only clean, but that it works for everyone. In early 2023, we set a new goal to increase our spending with diverse suppliers to 25% by 2025 — up from 11% in 2022.

We're also taking a fresh look at the products and services we design to make sure that all customers have opportunities to participate. For instance, equity is a key component of our transportation vision, with a goal that all customers will have access to affordable charging at or within one mile of their homes by 2050. We're rolling out programs to make it easier and more affordable for every customer to own and charge an EV. Plus, we're supporting EV car sharing and pilots that add electric vehicles to paratransit, school and municipal refuse fleets that serve underserved areas.

Operate with integrity, live our values

At Xcel Energy, we live by four core values: Committed, Connected, Safe and Trustworthy. They guide our daily activities and interactions as well as our strategic decisions, which have global implications. We ensure those values are reflected in our corporate policies and positions, such as our Human Rights and Environmental Justice position statements and employee Code of Conduct that make our expectations clear, and a Supplier Code of Conduct to address the cascading impact of the thousands of partners who help us achieve our vision. Since 2007, our company has also operated under a political contributions policy and has published our political spending for at least five years.

Our commitment to leading the clean energy future includes being on the forefront of ensuring a sustainable lifecycle of a clean energy economy.

Through two wind repowering projects in Minnesota last year, we successfully recycled over 600 turbine blades, reused as alternative fuel in cement production. Our partnership with Form Energy will test its iron-based technology for critical long-duration storage technology without reliance on less abundant, harder to acquire minerals.

We're committed to evaluating innovative opportunities like this that reflect our values and ensure that the clean energy transition is equitable, transparent and brings prosperity to the communities we serve through true sustainability. It's this commitment to doing right and finding solutions that places us among Ethisphere's World's Most Ethical Companies for the past four years and Fortune's World's Most Admired Companies for ten years.

Building the future

Through our clean energy transition, we're building the future — not only through new infrastructure and technology but through the ways we meet customer, community and workforce needs. A better energy future awaits, and we're making it possible, step by step, by engaging with you, our stakeholders.

In 2020, we underwent a stakeholder engagement process to reaffirm our sustainability strategy. The process identified four focus areas for managing our economic, environmental and social contributions: reach net zero responsibly, strengthen communities, value people and operate with integrity. I encourage you to explore our 2022 Sustainability Report and discover how we're managing those priorities.

Thank you for your ongoing support and partnership.

Sincerely,



Bob Frenzel

President, Chairman and
Chief Executive Officer



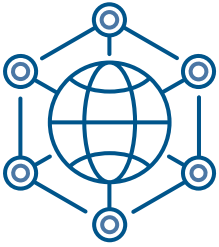
Sustainability Strategy and Management

We're committed to delivering essential energy while driving positive change that supports the people and places we serve.

Xcel Energy's sustainability strategy begins with our mission to provide customers with safe, clean, reliable energy at a competitive price, and goes beyond to address environmental, social and governance topics important to our business and stakeholders. We define sustainability through four focus areas that encompass 20 ESG priorities.

Guided by stakeholder engagement and clearly defined executive and board oversight, sustainability is embedded in our corporate strategic priorities and accomplished through initiatives across every part of Xcel Energy. We're retiring coal plants, adding renewables, exploring new technologies and helping to electrify other sectors, while working safely and keeping customer costs low. We support our employees and communities through our commitments to diversity, equity and inclusion, building a better workplace and strengthening the places we call home.

Our people are the power behind our efforts. By advancing important initiatives and supporting our goals and sustainability commitments, they are building the better energy future we all want.



LEARN
MORE

[Xcel Energy's Sustainability Website](https://xcelenergy.com/sustainability)
xcelenergy.com/sustainability

[U.N. Sustainable Development Goals](#)

[Xcel Energy Proxy Statement](#)

[Audit Committee Charter](#)

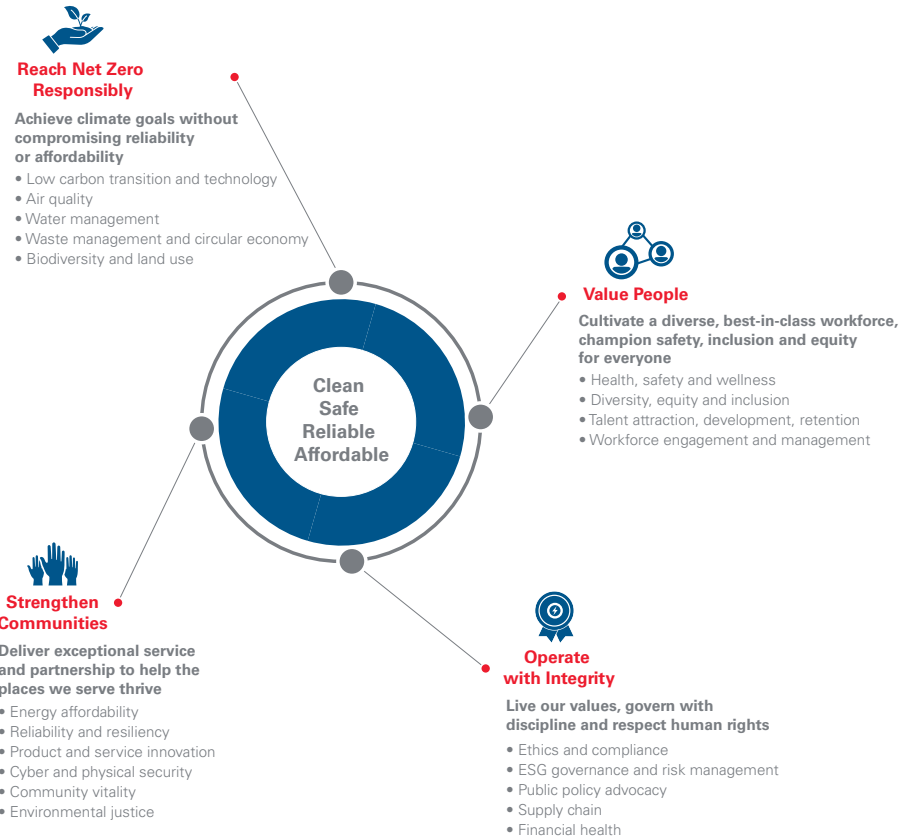
[Finance Committee Charter](#)

[Governance, Compensation and
Nominating Committee Charter](#)

[Operations, Nuclear, Environmental and
Safety Committee Charter](#)

Our Mission is Built for Sustainability

Xcel Energy's sustainability strategy focuses in four areas where we can make the largest economic, environmental or social impact:



ESG Materiality: Confirming Sustainability Focus Areas and Priorities

To determine what's important to our stakeholders and continue building our company's strategy for sustainability, in 2022 we performed a comprehensive ESG materiality assessment. In this process, we evaluated our priorities, asking leaders inside and outside the company: To which ESG issues should we pay closest attention? What factors have the greatest effect on our business — and which can Xcel Energy use to make a difference in its service area and beyond?

The process involved:

- Analyzing market trends, evaluating the ESG landscape and benchmarking with peers.
- Interviewing key internal and external stakeholders and conducting an online survey to collect input from a broader group.
- Scoring and prioritizing results and validating them through a workshop with leaders from Xcel Energy and external organizations.

The assessment included over 50 interviews with individuals representing key groups — Xcel Energy senior leadership and management, the company's board of directors, investors, large customers, community leaders, special interest groups and elected officials. An online survey produced responses from over 200 Xcel Energy employees and external stakeholders.

Through the process, we identified the 20 most relevant ESG topics for Xcel Energy and its stakeholders and developed our current sustainability strategy and four focus areas: Reach Net-Zero Responsibly, Value People, Strengthen Communities and Operate with Integrity. These topics represent areas where we may see the greatest risks and opportunities, along with issues where Xcel Energy can make the largest economic, environmental and social impacts.

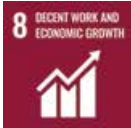
Nearly all the revised ESG topics are familiar to Xcel Energy. The study results validated the relevance of most of the areas on which we have previously focused. Our foremost priority continues to be leading the clean energy transition without compromising reliability and affordability. The study also confirmed that we should continue addressing social issues, such as building a diverse and best-in-class workforce and helping our communities thrive.



Xcel Energy's Sustainability Focus Areas with 20 ESG Topics Defined and Alignment to U.N. Sustainable Development Goals

Xcel Energy's 20 ESG topics and definitions are listed in the table below, as well as links to Sustainability Report briefs that detail our management approach to each topic. We also map our ESG focus areas to U.N. Sustainable Development Goals that we support through our company's sustainability strategy.

Focus and SDGs	Topic	Definition	Brief in Report
Reach Net Zero Responsibly   	Low carbon transition and technology	Policy, legal, market and technology aspects of Xcel Energy's net-zero transition, including the retirement of fossil fuel plants and the enablement of renewables, storage, electrification efficiency and other solutions reducing Scope 1, 2 and 3 emissions.	Leading the Clean Energy Transition
	Air quality	Non-greenhouse gas emissions produced across all business operations and activities.	Environmental Management
	Water management	Management of water withdrawals, water consumption, wastewater and stormwater runoff discharges by company operations, including the use of water rights.	Water Management
	Waste management and circular economy	Waste generation and disposal, inclusive of nuclear waste products and coal ash, while considering opportunities to implement circular economy solutions enabling waste reduction.	Waste, Recycling and Reuse
	Biodiversity and land use	Vitality of natural habitats, species potentially impacted and changes to land use by company operations and activities.	Biodiversity and Land Use
Value People 	Health, safety and wellness	Protecting worker (including contractor) safety, health and well-being by reducing exposure to safety and health-related risks and robust management systems and culture; ensuring community awareness on electricity and natural gas hazards, developing emergency plans and ensuring readiness for effective response.	Workforce Safety; Affordable, Safe, Reliable and Resilient Energy
	Diversity, equity and inclusion	Fostering a diverse, fair and inclusive workplace, accepting of all employees who bring unique perspectives based upon their race, ethnicity, gender, age, education, disability, sexual orientation, religious affiliation, experience and thought.	Diversity, Equity and Inclusion
	Talent attraction, development and retention	Attracting, developing and retaining talent, performance management and future workforce planning.	Human Capital Management
	Workforce engagement and management	Effective communication and engagement with employees on business goals and operational changes (including responsible transition), positive labor relations and competitive pay and benefits.	Human Capital Management

Focus and SDGs	Topic	Definition	Brief in Report
Strengthen Communities    	Energy affordability	Reasonable price for electric and gas service, with updated regulatory frameworks to support the grid of the future, enables performance across all sectors of the economy and allows customers to benefit from smart grid investments.	Affordable, Safe, Reliable and Resilient Energy
	Reliability and resiliency	Ensuring the availability of energy through investing in, improving, maintaining and repairing diverse energy infrastructure for optimum performance to ensure consistent delivery of energy for customers and rapid recovery from disruptive events including climate events (e.g., hurricanes, wildfires).	Affordable, Safe, Reliable and Resilient Energy
	Product and service innovation	Researching, demonstration and piloting of innovative energy opportunities (including for vehicles and within other sectors), to spur the development of advanced technologies for the future, especially those needed to achieve zero-carbon electricity and net-zero gas service by 2050.	Product and Service Innovation
	Cyber and physical security	Prevention of external hacking, protection of company physical, electronic and intellectual property assets, and protection of customer data. Meeting customer expectations, applicable regulations and industry standards regarding data privacy.	Affordable, Safe, Reliable and Resilient Energy
	Community vitality	Support to local communities through career opportunities and training for diverse and local community members, responsible transition for workers, taxes paid, corporate philanthropy, contracts with local and diverse companies, community engagement and stakeholder partnerships that grow opportunities for people and city and regional economies.	Community Giving and Volunteerism; Community Relations and Economic Development
	Environmental justice*	Fair treatment and meaningful involvement of all people regardless of race, color, national origin or income, with respect to siting of assets and environmental management practices and operations. Includes special focus on disproportionately impacted communities.	Environmental Management

Focus and SDGs	Topic	Definition	Brief in Report
Operate with Integrity 	Ethics and compliance	Preventing unethical or illegal behavior involving a company employee or agent in a position of power; working with suppliers, customers, regulators and other business partners in an ethical way to develop and market our products and operate our assets; and maintaining compliance with all applicable regulations	Corporate Compliance and Business Conduct
	ESG governance and risk management*	Ensuring integration of ESG topics into corporate governance structures and enterprise risk management processes.	Sustainability Strategy and Management
	Public policy advocacy	Advocating with policymakers to find solutions that support our business interests, provide more value to customers and create desirable outcomes for stakeholders.	Public Policy
	Supply chain	Incorporating environmental and social issues into supplier specifications, business terms, selection criteria and performance evaluation in order to manage risk and promote good performance (including diverse spend) up the supply chain.	Supply Chain Management
	Financial health*	Ensuring short- and long-term financial performance to enable effective governance, planning and operations.	Xcel Energy SEC 10-K

*New topics added through the 2022 materiality assessment



Sustainability Goals

Through Xcel Energy's sustainability strategy, our company aims to meet the following sustainability commitments.

Focus	Xcel Energy Goal	2022 Results
Reach Net Zero Responsibly	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.	53% reduction in carbon emissions, from 2005 to 2022, from owned and purchased electricity delivered to customers.
	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 in 2022 for implementation and developing reporting metrics.
	Provide the infrastructure and energy to run all vehicles in our service area on zero-carbon electricity or fuel by 2030, with an interim goal to enable 1 in 5 vehicles to be electric by 2030.	Nearly 96,000 electric vehicles in Xcel Energy's service area, a 44% increase compared to 2021 EV levels.
	Reduce water consumption from electricity provided to customers 70% by 2030, from 2005 levels, measured by volume.	39% reduction in water consumption from 2005 to 2022 from owned and purchased electricity delivered to customers.
Value People	Build a workforce that reflects the communities we serve.	Board: 33% female, 17% diverse.* CEO direct reports: 33% female and 22% diverse. Senior Leadership: 23% female and 19% diverse. Management: 25% female and 13% diverse. Workforce: 24% female and 18% diverse.
	Mitigate impacts from retirements of coal-fueled power plants.	Eight plant closures with no forced workforce reductions from 2007 to 2022.
Strengthen Communities	Continue keeping customer bill increases at or below the rate of inflation, while maintaining reliability.	2014 to 2023E customer bills have grown below 2% inflation rate (~1.6% electric and ~1.3% natural gas).
	Support local business growth.	40 new business development projects initiated, estimated to add ~\$1.8 billion in capital investment and ~2,900 jobs for communities we serve.
Operate with Integrity	Maximize spending on goods and services with local businesses, and increase spending with diverse suppliers to 25% of spend by 2025.	58% of supply chain spending with local businesses and \$548 million spent with diverse suppliers, representing ~11% of spending in 2022.

*Diverse refers to ethnicity and race

Sustainability Oversight

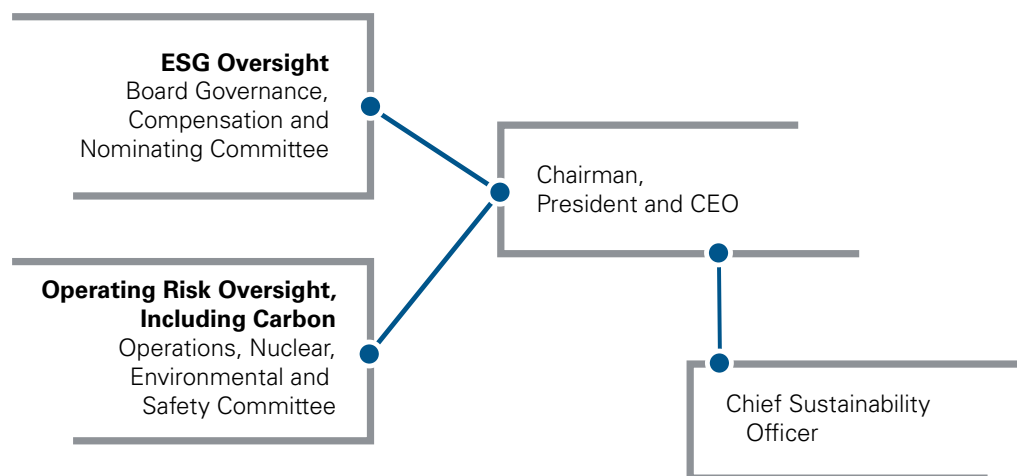
Sustainability is integrated into our governance processes. With strong leadership from Xcel Energy's Board of Directors and executive management team, along with business unit leaders across the company, we can effectively manage risks and opportunities and drive strong performance across a spectrum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

Through our strategic planning process, the board and executive leadership team identified three strategic priorities that represent the keys to our continued success and our vision to be the preferred and trusted provider of the energy our customers need.

- Lead the clean energy transition.
- Keep bills low.
- Enhance the customer experience.

Strong alignment exists between our strategic priorities and our sustainability strategy and four focus areas.

Sustainability Governance Structure



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; is responsible for sustainability and ESG-related policy, including management of climate-related risks and regular ESG discussions with the board; and works with teams across business areas that are accountable for addressing ESG risks and opportunities.

The **Governance, Compensation and Nominating Committee** has primary board committee responsibility for sustainability and ESG-related issues and risks. As part of its charter, the committee oversees policy, adherence and disclosure regarding ESG matters, including executive compensation; the Code of Conduct; and our Political Contributions, Lobbying and Government Communications Policy. The GCN Committee receives an ESG-specific briefing and reviews our workforce strategy each year, including diversity, equity and inclusion initiatives.

The **Operations, Nuclear, Environmental and Safety Committee** oversees our environmental strategy and performance, employee and contractor safety, customer service and operational performance in delivering electricity and natural gas service. This includes managing risks related to climate change, physical security, cybersecurity and public safety.

The full board addresses sustainability issues in the context of broader corporate strategy, while two other board committees have oversight responsibilities that include ESG topics. The **Audit Committee** oversees corporate compliance related to ethics and business conduct, and the **Finance Committee** oversees clean energy investments, investor relations, affordability and financial health.

Executive Oversight and Management

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

- Each board committee has a coordinating officer, a senior executive 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, more than 15 years ago. Today, 30% of executives' incentive pay is tied to achieving short-term carbon reduction goals. Annual incentives are based on the corporate scorecard, which aligns with ESG issues, including safety, reliability, customer satisfaction, wind generation availability and DEI progress.

Business Area Responsibilities

While the entire organization supports sustainability, specific business areas directly address ESG opportunities. We use performance management and compensation design to propel our teams toward successful execution.

- **Strategy, Security and External Affairs:** Sustainability strategy, governance and reporting; environmental strategy and performance; energy and public policy, including political contribution disclosures; 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; and corporate policies, 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; and safety, affordability, reliability and resiliency.
- **Integrated Strategic Planning:** Long-term, coordinated planning for the natural gas system; electric generation; and transmission and distribution systems.
- **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 and human rights; 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; and corporate development and innovation.

Operating Company Responsibilities

Teams at our four operating companies implement strategy, including sustainability initiatives.

- They connect with local stakeholders to understand their perspectives, priorities and goals. They move sustainability initiatives forward and address issues such as climate change, environmental justice, social equity and the responsible transition away from coal.
- They design regulatory plans to meet the future needs of our customers, state and local governments, and other stakeholders, delivering cleaner energy while maintaining customer affordability, safety, reliability and resiliency.
- They implement community giving and volunteer programs with local nonprofit organizations, with a focus on STEM career pathways, environmental sustainability and community vitality.

Ongoing Stakeholder Engagement

We regularly engage with stakeholders to inform our business plans and seek opportunities to better understand their interests, concerns and emerging needs.

This ongoing collaboration is essential to how we operate, as a regulated and customer-focused provider of essential energy services. Through resource planning and other regulatory proceedings, we have a built-in stakeholder engagement process as part of our business model.

But our efforts extend beyond regulatory matters. 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 with the stakeholder groups listed below.

- **Customers:** We connect with residential, business and wholesale customers through our contact center, account management teams and 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, department and individual meetings, we share information and learn what is on employees' minds. We also use 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; city, county and state government proceedings; membership in local economic and community organizations; and work with community members on giving, sponsorship, board service and volunteer programs.
- **Legislators, regulators and policymakers:** We gain insight into stakeholder priorities through local, state and federal policy and legislative discussions and initiatives; speaking engagements; our employee political action committees; and regulatory reporting, filings and proceedings with state public utilities commissions.
- **Investors:** We regularly meet with investors and provide financial and ESG-related disclosures through our investor website, along with quarterly earnings calls and the annual shareholder meeting.
- **Suppliers:** Through meetings, discussions and visits, we maintain relationships with key suppliers and gain information through contracts and negotiations. We have set clear expectations about business conduct and ethics, including ESG issues, through our Supplier Code of Conduct.

Reach Net Zero Responsibly

Achieve climate goals without
compromising reliability or affordability



Leading the Clean Energy Transition

We are transforming our industry-leading clean energy goals into action, with plans approved and projects moving forward across our service areas.

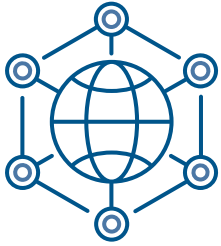
Addressing the risks from climate change is one of our highest priorities at Xcel Energy. We've led the clean energy transition for nearly two decades, moving forward at a pace and scale that allows us to reach net-zero carbon emissions responsibly. To do this, we need to fulfill other customer priorities, maintaining reliable, secure energy service while keeping their energy bills as low as possible.

- We were the first U.S. energy provider with the goal of delivering 100% carbon-free electricity by 2050, and the first to add our net-zero goal for natural gas use in buildings and zero-carbon transportation goal — covering three sectors that represent the most significant ways our customers use energy.
- In 2022, we were inducted into the Climate Leadership Hall of Fame sponsored by The Climate Registry and the Center for Climate and Energy Solutions. The hall of fame celebrates organizations that have won multiple Climate Leadership Awards over the past decade. Xcel Energy has been recognized for excellence in greenhouse gas management and industry-leading carbon reduction efforts.
- To ground our goals in climate science, climate modeling experts have validated that our projected emissions reductions under our electricity and natural gas goals 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.

Advanced clean technology will be needed to reach these milestones. Xcel Energy is partnering with industry, government and technology developers on initiatives to move innovation forward.

Governance

Each committee of Xcel Energy's Board of Directors plays a role in managing risks associated with climate change. The Operations, Nuclear, Environmental and Safety Committee holds specific responsibility for overseeing the company's environmental strategy and performance. In 2005, Xcel Energy was one of the first companies to tie carbon reduction to executive compensation, and our board has overseen environmental performance since 2000. Within the company, the chief sustainability officer reports to the CEO and is responsible for ESG-related policy, strategy, governance and reporting, managing climate-related risks, and regular sustainability discussions with the board.



LEARN
MORE

Xcel Energy clean energy reports: Building a Carbon-free Future, Net-Zero Vision for Natural Gas, Drive Toward a Carbon-free Future: Electric Transportation Vision

Climate science analysis reports for electricity and natural gas use in buildings

Report responding to the Task Force on Climate-Related Financial Disclosures

Sustainability Report Data Summary

Energy Innovation Brief

Renewable Energy Brief

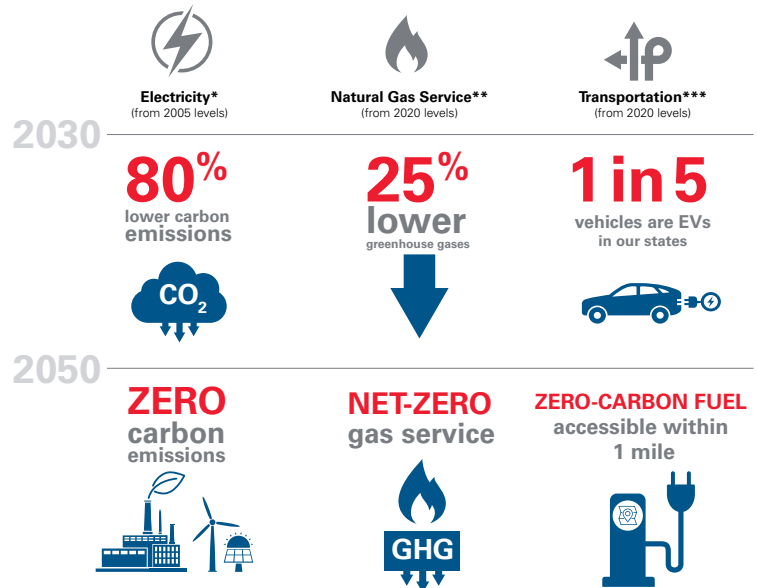
Public Policy Brief

Affordable, Safe, Reliable and Resilient Energy Brief

Carbon Offset Pilot Project

Net-Zero Energy Provider by 2050

Goals that cover the most significant ways our customers use energy



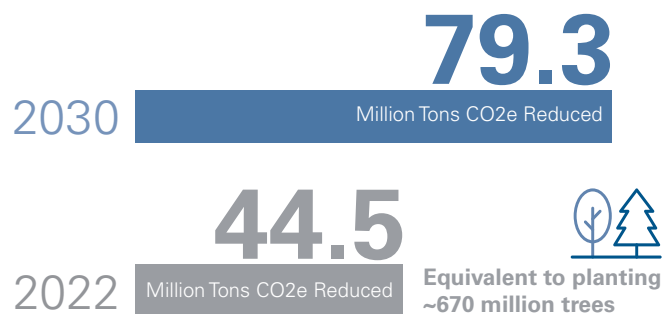
*Companywide goal; work also underway to meet state clean energy goals in our service area.

**Spans natural gas supply, delivery and customer use

***Includes the Xcel Energy fleet; zero-carbon fuel is electricity or other clean energy

Combined Carbon Savings

(2005-2030) Electricity, Natural Gas and Transportation Goals

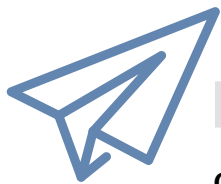


CO2e = carbon dioxide equivalent

Carbon-Free Electricity

Delivering electricity with zero carbon emissions by 2050 is the bedrock of our clean energy vision. Using today's wind, solar and battery technologies, we can reduce carbon dioxide emissions at least 80% by 2030 — reliably and affordably for customers.

As we look beyond 2030, we need technologies that are dispatchable — available whenever we need them — to maintain system reliability while operating high levels of wind and solar generation. Through collaborations with industry partners, researchers, technology developers and venture investors, we're engaged in advancing affordable, zero-carbon, 24/7 power technologies.



NOTEWORTHY

Clean Electricity Plans Move Forward

With pathbreaking resource plans underway across our service area, Xcel Energy will retire all coal-fueled generation on our system by the end of 2030.

In our two largest operating regions, Colorado and the Upper Midwest, Xcel Energy received approval in 2022 on clean energy plans expected to beat our target by reducing carbon emissions 85% and delivering electricity from more than 80% carbon-free sources. New transmission infrastructure is also moving forward after approvals in Colorado and the Upper Midwest.

In our southwest region, we've proposed plans in Texas and New Mexico.

Colorado Clean Energy Plan

We anticipate the final decision on specific new energy resources in late 2023, following an ongoing request for proposal process. Preliminary modeling indicated that we might 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 and 400 megawatts battery storage.

We will work with impacted communities as we phase down all remaining Colorado coal operations, including:

- Comanche Station Unit 3 retirement by Jan. 1, 2031, with reduced operations beginning in 2025.
- Pawnee Station conversion from coal to natural gas by 2026.
- Hayden Station and Craig Station Unit 2 retirement by the end of 2028.

Upper Midwest Energy Plan (Minnesota, North and South Dakota, Wisconsin, Michigan)

Under the plan, we will:

- Add 2,150 megawatts of wind and 2,500 megawatts of large-scale solar by 2032, with another 1,100 megawatts of wind and solar capacity beyond 2032.
- Retire all remaining coal plants by 2030.
- Extend the generation of carbon-free nuclear energy at our Monticello plant 10 years to 2040.
- Build on current energy efficiency programs and create new demand response options to manage energy load.
- Develop new transmission infrastructure, reusing important connections near retiring coal plants, to help maintain reliability.

We also need 1,100 megawatts of firm dispatchable generation, including up to 800 megawatts of hydrogen-ready capacity. Nearly all that new capacity will require additional regulatory approval, and we expect to need more capacity by 2030 and beyond.

Southwest Energy Plans

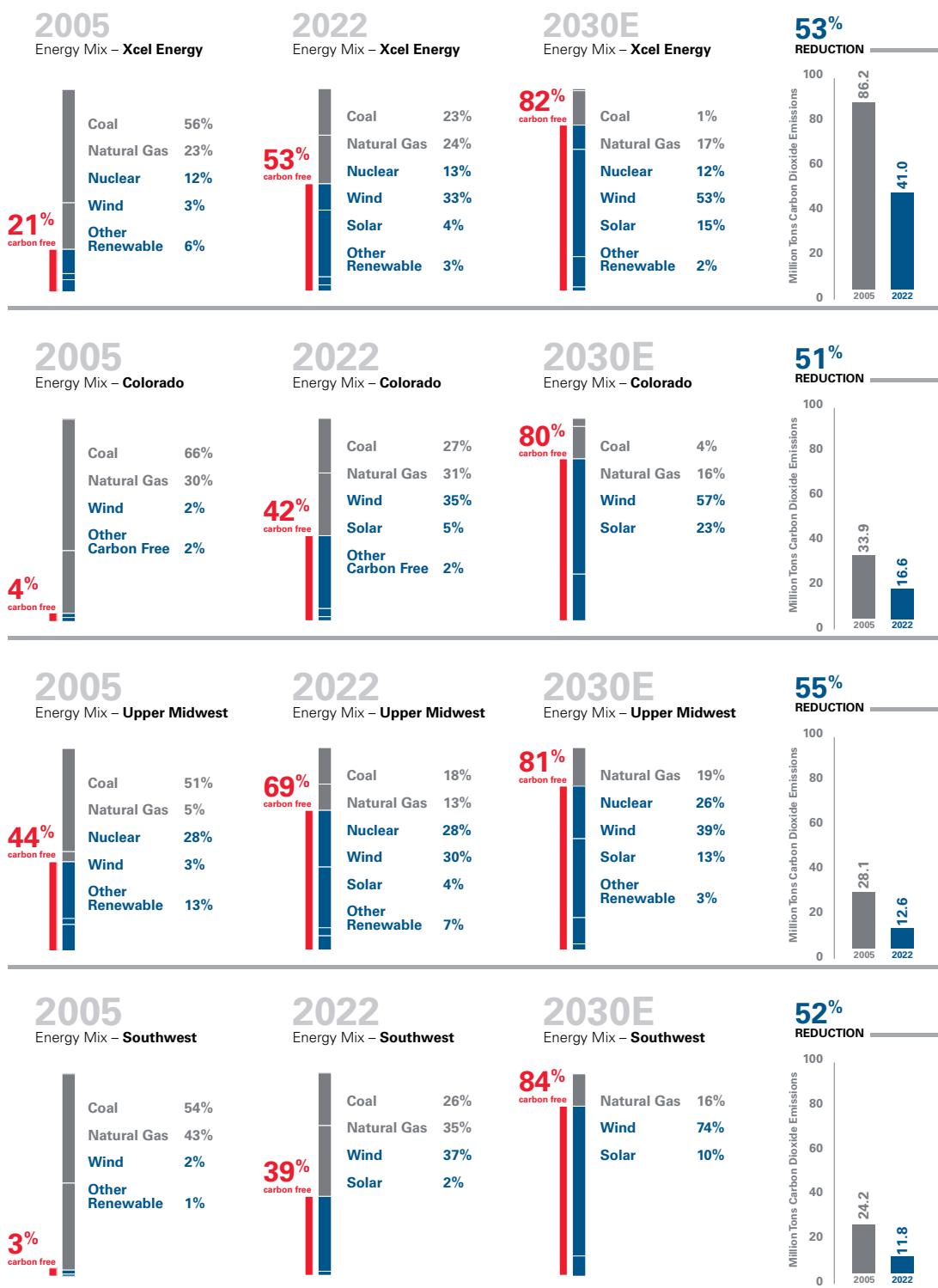
In our southwest region, our plans include converting one coal-fueled plant to natural gas in 2024 and a proposal to end coal operations by 2028 at Tolk Station, which is located about 70 miles northwest of Lubbock, Texas. Retiring coal at the plant more than four years earlier than previously planned is estimated to save Xcel Energy's customers in Texas and New Mexico more than \$70 million.

After evaluating projects submitted through an all-source, competitive solicitation issued in fall 2022, we plan to propose three company-owned solar projects with a combined capacity of 418 megawatts. If approved by regulators, the new facilities could be in service between 2026 and 2027. Xcel Energy is also further evaluating battery storage proposals received through the solicitation. Additional resources for the region beyond 2027 will be scoped through an Integrated Resource Plan filed in fall 2023 in New Mexico and evaluated following our next all-source, competitive solicitation to be issued in mid-2024.



Progress Toward Carbon-Free Electricity

Xcel Energy's clean energy vision includes all the electricity that serves our customers, including owned and purchased power. The charts below show our energy mix and carbon dioxide emissions (short tons), companywide and by operating region, compared to the 2005 baseline.



Carbon dioxide emissions are from electricity delivered to customers in 2022 and are considered preliminary until third-party verified (expected first quarter 2024). Energy mix includes electricity produced at Xcel Energy plants, purchased from others and supplied for customers through Xcel Energy renewable energy choice programs.

Net-Zero Natural Gas

From drill head to burner tip, we're taking action to reduce greenhouse gas emissions across the entire natural gas value chain, from production, delivery and customer use. By 2050, we aim to provide natural gas service with net-zero emissions while also achieving an important 2030 interim goal: to reduce greenhouse gas emissions from natural gas service by 25% from 2020 levels, including net-zero methane emissions from our own infrastructure.

Net-zero methane emissions from distribution

The clean energy transition starts with our own system, where we have already made significant progress. We joined the Environmental Protection Agency's Natural Gas STAR program in 2008 to voluntarily reduce methane emissions. As a founding member of the Methane Challenge, we have reduced methane emissions from venting of pipelines during scheduled construction projects by an average of 86% over the past four years.

Among initiatives for achieving our methane reduction goal, we are:

- Exploring the use of advanced mobile or aerial leak detection technologies for surveying the system to supplement our annual compliance inspections.
- Accelerating efforts to find and fix methane leaks.
- Reducing methane emissions on construction projects — we've reduced venting of natural gas from pipelines on transmission projects and can expand the practice to distribution construction projects.
- Participating in a pilot study with GTI-Veritas to establish protocols for improving methane reporting by developing a system-specific methane emissions inventory, as opposed to using general industry or regulatory emissions factors to estimate emissions.

Xcel Energy belongs to industry collaborations, including Our Nation's Energy Future, an industry partnership that seeks to limit methane emissions across the natural gas supply chain to 1% or less by 2025. In 2021, ONE Future surpassed its goal for the fifth year in a row, with a methane intensity at member companies of 0.462%. Xcel Energy reports emissions in the Processing, Transmission and Storage, and Distribution segments of the value chain, and in 2021, we surpassed specific goals for each of these segments.

Another collaboration, the Natural Gas Sustainability Initiative, sponsored by the Edison Electric Institute and American Gas Association, focuses on creating consistent, transparent disclosures among natural gas providers. Xcel Energy uses the NGSI reporting protocols to calculate methane emissions from our natural gas distribution operations. Find results of our methane emissions calculations using the NGSI protocol in the Sustainability Report Data Summary.

Natural gas with certified low-methane emissions

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 are striving to purchase only certified low-emission natural gas from suppliers by 2030 and are working with multiple industry groups and regulatory agencies to improve transparency and develop this market for the future.

During winter 2021-2022, we worked with Project Canary in Colorado to demonstrate the viability of emissions measurement. In 2022, we purchased certified low-emission natural gas at no additional cost to serve a portion of our operational needs in Colorado, Texas and Minnesota. The purchases were equivalent to 18 million dekatherms daily, enough to heat about 100,000 homes during the winter.

Offering customers new cost-effective options for lower carbon emissions

About 85% of Xcel Energy customers heat their homes and businesses reliably with natural gas. While our system continues to grow as we deliver to new customers, individual customers have reduced their gas use nearly 20% since 2000 through more efficient appliances, better building practices and our extensive portfolio of conservation programs.

We support customer choice and will offer voluntary options to let customers choose the solutions that work best for them, including conservation, electrification and clean fuels, such as hydrogen and renewable natural gas. Efficient electric heating technologies are a primary customer option for achieving our goals, but they can't do it all. We need natural gas furnaces for backup and are pursuing clean fuels like hydrogen and other new energy sources, such as heating networks that connect homes and businesses through a system of ground-source heat pumps.

Carbon offsets

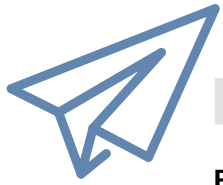
Carbon offsets are one way to address emissions from the natural gas business that we expect will be too costly or technically difficult to remove. They are an addition — not a substitution — to our work reducing emissions by tackling methane on our system and in the supply chain, developing clean fuels and offering customers options to reduce their use of natural gas. Investing in carbon offsets now is something we can do to cost-effectively reduce greenhouse gas emissions today while we wait for new clean energy technologies to mature and become more affordable and mainstream for consumers.

We're committed to investing only in high-quality offset projects that meet the following criteria:

- Third-party verified and offered by select carbon-offset registries with their own verification processes.
- Follows scientifically robust protocols and rules.
- Operate in one of the states we serve.
- Provide other benefits — economic, environmental and social.
- Reflect our corporate values and DEI goals.

Through a pilot program now underway, we've purchased offsets from six local projects to gain experience and help build the market for high-quality offsets in our service area.





NOTEWORTHY

Plans for Clean Heat Underway in Colorado and Minnesota

In 2023, Xcel Energy will file comprehensive plans in both Colorado and Minnesota, in compliance with Colorado's Clean Heat Standard and Minnesota's Natural Gas Innovation Act. Both were initiated by legislation in 2021 and provide a pathway for recovering important investments to reduce greenhouse gas emissions within cost caps to help keep customer bills low.

These groundbreaking plans will include a portfolio of projects to achieve state greenhouse gas emissions reduction goals.

Possible solutions include:

- Expanding customer conservation programs.
- Developing voluntary programs to encourage adoption of electric water heaters, air source heat pumps and new all-electric buildings.
- Piloting the use of renewable natural gas and hydrogen blending in our natural gas distribution system.
- Advancing leak repair on our system beyond federal and state regulations. Our net-zero vision exceeds these requirements to fully address methane emissions from both the supply and distribution of natural gas.

In spring 2023, Xcel Energy submitted our first-ever Gas Infrastructure Plan in Colorado, which is a complement to the Clean Heat Plan. The infrastructure plan details the investment projects critical to continuing to provide customers with reliable, safe natural gas service.

The plans will be decided through state public utilities commissions and will include stakeholder input, similar to our electric resource plans. We anticipate regulators to decide on the plans by second quarter 2024.

Progress Toward Net-Zero Gas

In 2022, we began developing the metrics to report our progress toward reducing greenhouse gas emissions from the natural gas business, compared to a 2020 baseline. We expect GHG levels from our natural gas business will increase over the next several years, due to system growth, while we launch initiatives for lowering them.

We provide 2022 emissions below, which are calculated using different protocols. The current methodologies include:

- Supplier methane emissions are estimated using 1% average production intensity.
- Natural gas system operations are based on NGS reporting protocols that include natural gas delivered to customers (throughput) normalized to reflect typical weather conditions. The reporting uses emissions factors from EPA's Greenhouse Gas Inventory Program for pipeline mains and service connections.
- Carbon dioxide from customer end-use of natural gas is calculated based on EPA's Subpart NN reporting protocol and multiplied by total actual throughput.

Under Clean Heat and NGIA requirements, states will determine their own methodology for reporting and tracking emissions. We will engage with stakeholders to support those decisions.

Natural Gas Emissions Reporting (in metric tons)

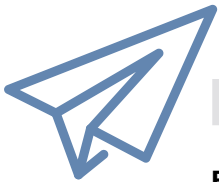
Source of Emissions	2020	2021	2022
Natural gas supplier emissions (estimated from supply for both electric generation and distribution)	2.88	2.59	2.62
Natural gas system operations	0.41	0.32	0.33
Customer emissions from natural gas use (estimated)	15.96	14.65	16.25
Total	19.25	17.56	19.20

To convert metric tons to short tons, multiply by 1.1023.

Transportation Electrification

With electric vehicle sales surging in the U.S., Xcel Energy is poised to take our clean energy leadership in new directions. Our diverse transportation programs in four states have a unified aim: to make the transition to electric transportation easier for customers.

We have an ambitious vision to enable zero-carbon transportation in our service area by 2050, providing the fueling infrastructure and energy to run all vehicles on carbon-free electricity or other clean energy sources. In 2022, we counted 95,583 electric vehicles on the road in our service area — a 44% increase over 2021. By 2030, we plan to provide programs and infrastructure that deliver affordable charging at home, work and on the go to all our customers, as part of our plan to boost EV growth in our states to one in five vehicles.



NOTEWORTHY

Electrification in the Xcel Energy Fleet

Transitioning our vehicle fleet is a key component of Xcel Energy's zero-carbon transportation vision. By the end of 2022, we met our initial goal of electrifying all sedans in our fleet by 2023. We've replaced the gasoline-powered sedans originally in the fleet when we first set the goal in 2020 with EVs. However, we still maintain some gasoline-powered sedans for limited use due to original equipment manufacturer shortages. We intend to transition all light-duty vehicles and 30% of medium- and heavy-duty vehicles by 2030.

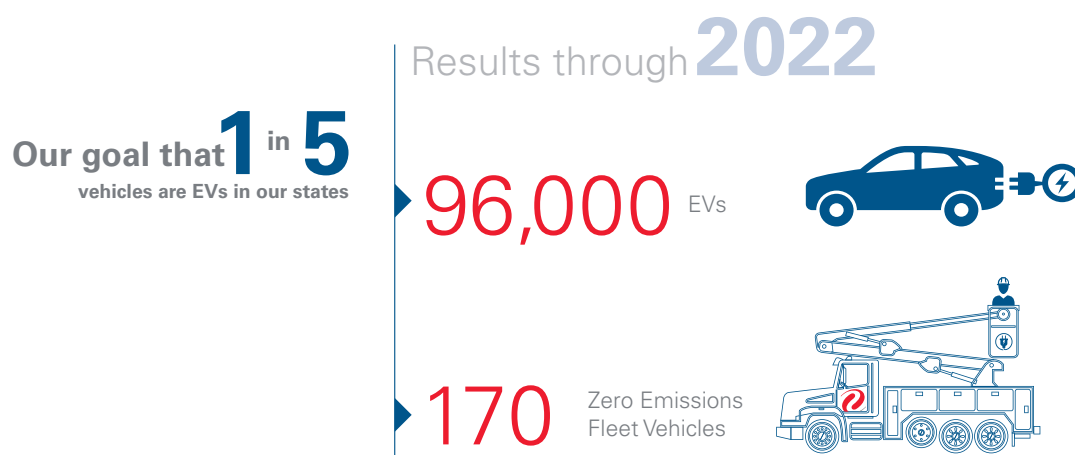
Xcel Energy also became the first energy provider in the nation to enable our crews to use new, quiet, zero-emissions electric bucket trucks as they maintain the system and respond to outages. The bucket truck technology was delivered — two years ahead of industry projections — by Terex Utilities and Navistar, maker of International Trucks. As part of a pilot project to test the vehicles under real working conditions, we acquired one truck in Colorado and another in Minnesota, with two more trucks on order.

The Xcel Energy fleet now includes more than 250 zero-emission vehicles, including Chevy Volts and Bolts, Ford Fusions and Escapes and the F-150 Lightning pickup truck. Approximately 9% of our light-duty fleet is now electrified, and we're testing new types of vehicle technology, such as an E-Transit light-duty van.

We've also electrified about 4% of the medium-duty fleet. To save fuel and reduce emissions, we're deploying electric anti-idling systems that automatically cut a truck's engine while power continues to flow to laptops, cab heat and cooling, and other systems our crews need. These include 39 Altec Jobsite Engine Management Systems, which power jobsite tools using lithium-ion batteries with plug-in charging, and eight Stealth Power systems that ultimately will run on solar panels.

To keep our electric fleet moving, we've also installed more than 140 chargers at Xcel Energy facilities and have at least 100 planned for installation in 2023.

Progress Toward Zero-Carbon Transportation



Diverse EV Customer Programs in Four States

Xcel Energy has offered EV solutions to customers since 2015, responding to calls from policymakers and regulators to increase our offerings each year. To do this, we're addressing the most common barriers to EV adoption:

- Improving customer understanding of their EV options and the benefits of driving electric.
- Providing rebates and other programs to lower up-front costs.
- Offering incentives to charge at off-peak times, which saves EV drivers money, benefits the grid and lowers carbon emissions for everybody.

Under our clean energy plans, an electric vehicle powered with Xcel Energy electricity in 2022 has about 55% lower carbon emissions than a conventional gasoline-powered vehicle and is expected to have at least 80% fewer carbon emissions by 2030. Besides the environmental benefits, EVs are less expensive to drive, costing about the equivalent of \$1 per gallon of gasoline when charged during off-peak rate periods.

Xcel Energy offers 13 different major EV program types (five residential and six commercial programs, plus Xcel Energy-owned public charging and the EV Accelerate Innovation program), and other advisory services across Colorado, Minnesota, New Mexico and Wisconsin.

EV Options for All

Equity is a key component of our electric transportation vision, giving underserved communities the benefits of zero-carbon transportation. By 2050, our vision is for all customers to access affordable charging at or within one mile of their homes.

- Our programs include rebates on new or used EVs and affordable charging for single- and multi-family homes, workplaces and public spaces.
- We offer a pilot program for EV car sharing in Colorado and an income-qualified rebate program for chargers and wiring in New Mexico.
- Other pilots will add electric vehicles to paratransit, school and municipal refuse fleets, and nonprofits or small businesses that serve income-qualified people or others in need.

Climate Science Supports Our Vision

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

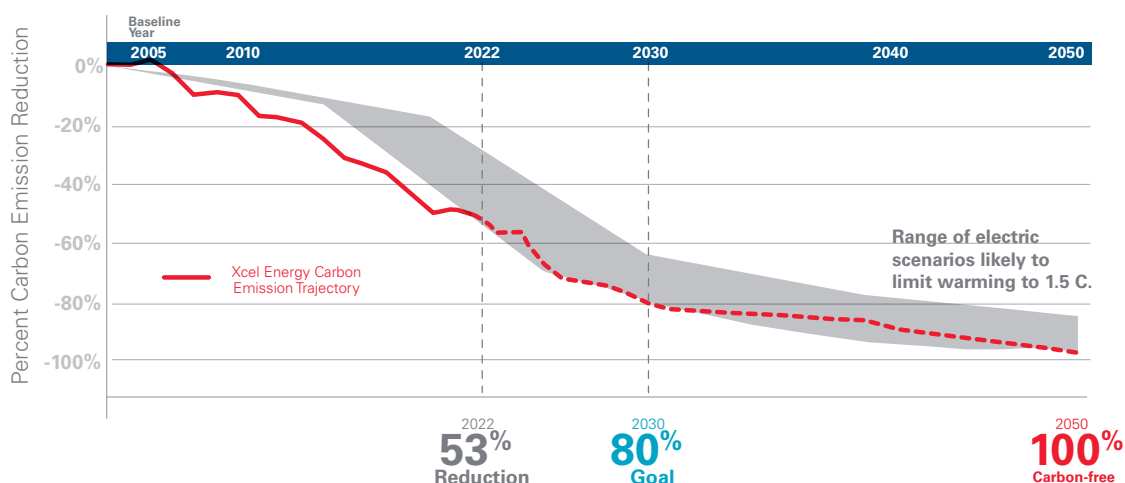
Xcel Energy contracted with a lead author for the Intergovernmental Panel on Climate Change, and his team of climate modeling experts, to understand how our carbon-free electricity and net-zero gas goals would align with global temperature goals. The studies determined that our plans to limit carbon from electric generation and natural gas use in buildings are consistent with scenarios that achieve the 1.5 and 2 degrees Celsius warming goals of the Paris agreement.

Analyzing the path to 100% carbon-free electricity

We first contracted with climate modeling experts to understand how our vision relates to global temperature goals — specifically delivering 100% carbon-free electricity by 2050 and reducing carbon emissions 80% by 2030. 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 C goal and those more likely than not (50% or greater) to achieve the 1.5 C goal.

Xcel Energy's carbon emissions reduction trajectory to 2050 was then compared with the IPCC emissions scenarios (shaded gray in the chart below). 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.

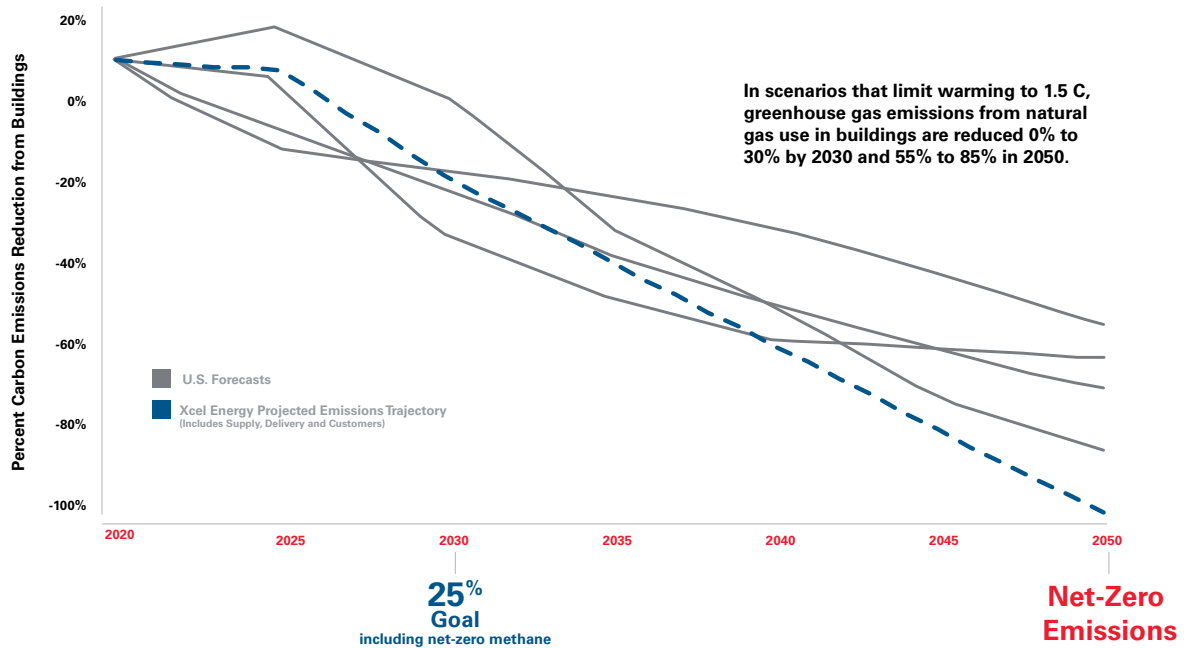
Xcel Energy's carbon emissions trajectory for the electricity provided to customers aligns with science-based scenarios likely to limit global warming to 1.5 C.



Analyzing the Future Use of Natural Gas in Buildings

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 C and 1.5 C 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 C.



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.

Greenhouse Gas Measurement, Tracking and Reporting

Xcel Energy has a long history of transparent disclosure. We publicly report greenhouse gas emissions to track progress toward our goals for both electricity and natural gas, and annually verify and publicly disclose GHG emissions through The Climate Registry for our electric and owned natural gas system emissions.

Our reporting is based on The Climate Registry's General Reporting Protocol and Electric Power Sector Protocol, which aligns with World Resources Institute and ISO 14000 series standards. In 2007, we joined TCR as a founding member to help establish a consistent standard for calculation, third-party verification and reporting, and have since verified our reporting following The Climate Registry's standards back to 2005. We are the only energy provider with consecutively verified data back to 2005, a baseline commonly used by standards bodies 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 we deliver to customers. When we have more electricity than we need, we sell into wholesale markets. Because the energy from those sales does not serve our customers, we exclude those carbon emissions from our reporting. If the purchasers of that energy follow accepted protocols, they will include those emissions in their reporting.

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



2022 Greenhouse Gas Emissions Reporting— Scope 1, 2 and 3 Emissions (CO₂e)

Source of Emissions	Million Metric Tons	Emissions Included in Our Goals
Scope 1		
Xcel Energy owned electric generation serving customers	32.60	32.60
Xcel Energy owned electric generation biomass emissions serving customers	0.60	0.60
Xcel Energy owned market electricity sales not serving customers	4.23	—
Natural gas system operations	0.33	0.33
Fleet vehicles	0.09	0.09
Sulfur hexafluoride from electric equipment	0.10	—
Other	0.01	—
Total Scope 1	37.96	33.62
Scope 2		
Building energy use	0.02	—
Line loss from purchased electricity	0.72	—
Total Scope 2	0.74	—
Scope 3		
Purchased electricity serving customers	4.22	4.22
Purchased electricity biomass emissions serving customers	0.26	0.26
Purchased electricity not serving customers	0.60	—
Transportation of fuel for producing electricity	0.31	—
Customer emissions from natural gas use (estimated)	16.25	16.25
Supplier emissions from natural gas supply for electric generation and distribution (estimated)	2.62	2.62
Business travel	<0.01	—
Employee commuting	<0.01	—
Total Scope 3	24.26	23.35
Total Emissions	62.96	56.97

To convert metric tons to short tons, multiply by 1.1023.

90%

of Xcel Energy's
Carbon Footprint
Included in Goals



Energy Innovation

Promising new technologies are primed to transform our industry and the energy customers use.

Xcel Energy needs new systems and tools to achieve our net-zero energy vision by 2050. The renewable and storage technologies available today can significantly reduce emissions — but we need innovation to tackle that last mile of greenhouse gas emissions reduction.

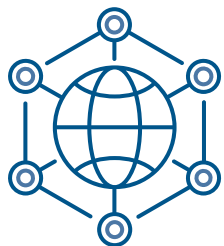
Our most significant need is for new carbon-free energy resources that are economic, resilient and dispatchable — available whenever we need them. We are evaluating six promising technologies that can change the energy we provide and also create future business opportunities:

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

As a regulated energy provider, we can't do it alone because our ability to invest in research and development is limited. We've championed innovation by advocating for supportive public policy, making strategic investments and forming important partnerships between industry, researchers, technology developers and venture investors. With multiple collaborations and demonstrations underway with the Department of Energy and others, we're helping move technology forward, even developing the capacity to conduct inexpensive, rapid demonstrations that assess ideas quickly and advance the promising ones.

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 report to the CEO.



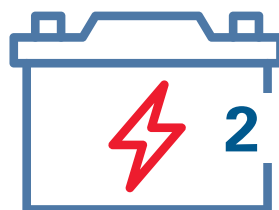
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Product and Service Innovation Brief

Public Policy Brief



2 large-scale

battery demonstrations planned

2  **hydrogen**

demonstrations underway and 2 hydrogen
hub applications submitted to DOE

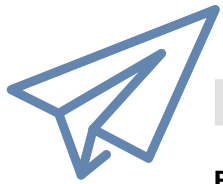
8 Venture Funds



supported to advance technology, strategy
and innovation



6 Rapid Innovation
technology tests



NOTEWORTHY

Form Energy Partnership

Long-duration storage will play a critical role in building the reliable grid needed to underpin our clean energy future. Our partnership with Form Energy will build two 10-megawatt, 100-hour battery arrays near retiring coal plants in Becker, Minnesota, and Pueblo, Colorado. They're expected to go online as early as 2025, pending regulatory approval.

The pilot battery arrays — each the size of a football field — will feature iron-air technology that is cost-competitive with electricity from conventional power plants. The multi-day storage systems will strengthen the grid against the day-to-day variability of wind and solar as well as extreme weather events.

While most existing battery technologies provide less than eight hours of energy storage, Form Energy's iron-air batteries could deliver enough to power 2,000 homes for up to five days. The reversible rusting technology uses electrochemical reactions between abundant, inexpensive materials — water, air and iron — to charge and discharge. A clear advantage is that the technology doesn't rely on elements such as lithium, cobalt or nickel where sourcing is an issue.

In May 2023, Breakthrough Energy Catalyst agreed to commit \$20 million in grant funding to accelerate the projects at the Sherco and Comanche generating plants. They will tap into existing transmission on-site, further speeding the process and keeping costs low.

Clean Fuels

Clean fuels not only help achieve our environmental goals but present growth opportunities for Xcel Energy. We're exploring using hydrogen and other clean fuels to provide an alternative to natural gas and produce electricity, supporting grid reliability as we add renewable energy sources.

Carbon-free Hydrogen Production Demonstration

Our innovative proof-of-concept pilot will show how hydrogen can be produced using carbon-free energy at the Prairie Island Nuclear Plant, beginning in early 2024. The U.S. Department of Energy awarded Xcel Energy and its partners, Bloom Energy and Idaho National Laboratory, approximately \$10 million for the \$12 million project, which will use electricity and steam from the plant to produce hydrogen from water.

Hydrogen and oxygen molecules in water will be separated using a semi-trailer-sized high-temperature steam electrolysis system developed by Bloom Energy. At full capacity, the pilot will be able to produce about 90 kilograms of hydrogen per day. Scaled up, this carbon-free hydrogen could potentially be used in other industries that would benefit from efficient, local hydrogen production sources.

Hydrogen Hub Applications

Working with our states and other partners, Xcel Energy is participating in two hydrogen hub applications competing for \$8 billion in U.S. Department of Energy funding. A hub is a network of strategically located hydrogen producers — near both infrastructure for storage and transportation and demand from industry, generating plants and other uses. When strategically sited, hubs can significantly improve the cost-effectiveness and environmental benefits of producing and using hydrogen. DOE expects to announce awards in 2023.

- **Western Interstate Hydrogen Hub:** Xcel Energy proposed to build a green hydrogen hub on the eastern plains of Colorado as part of this multi-state hydrogen network that includes partners with projects in New Mexico, Utah and Wyoming. Xcel Energy's project offers a strategic location near existing and future wind and solar energy, power plant infrastructure and favorable geography for underground hydrogen storage.

- **Heartland Hydrogen Hub:** The University of North Dakota's Energy & Environmental Research Center and Xcel Energy are partnering on the Heartland application, which includes three primary projects across Minnesota, Montana, North Dakota, South Dakota and Wisconsin. Xcel Energy's projects would produce hydrogen using nuclear and renewable energy for use by power generation, industrial and agricultural customers.

Colorado Hydrogen Blending Pilot for the Natural Gas System

Xcel Energy is pursuing a short-term hydrogen blending demonstration to evaluate and potentially jump-start the wider use of hydrogen to help reduce carbon emissions from homes and businesses.

From late 2023 through late 2025, we plan to blend 2% to 10% hydrogen into a limited area of the natural gas distribution system in Colorado. Hydrogen will be delivered by truck to the location where on-site equipment will add it to the natural gas supply. Approximately 250 residential customers will receive the blend to use in existing appliances and heating equipment. Xcel Energy will work with customers to ensure no reduction or interruption of service and will solicit their feedback throughout the project.

Hydrogen Blending Studies

Xcel Energy has participated in the National Renewable Energy Laboratory's HyBlend Project, which seeks to address technical barriers associated with blending hydrogen in natural gas infrastructure. With Worley Ltd., a global provider of professional project and asset services, we're studying the feasibility of injecting and blending hydrogen into our existing natural gas system companywide. Results, expected in 2023, will help identify the current system's capabilities and pinpoint areas where enhancements are needed.

Renewable Natural Gas

These projects support the carbon reduction goals of our customers and help build the market for RNG, which is an important step toward greening our natural gas supply.

In fall 2022, Xcel Energy began transporting renewable natural gas from the first landfill RNG production facility in Minnesota. Developed by OPAL Fuels and NextEra Energy Resources, the Pine Bend project at a Republic Services, Inc., landfill is expected to produce 6.3 million gasoline gallon equivalents per year of low-carbon RNG.

In Colorado, we've worked with South Platte Water Renewal Partners and the City of Boulder Water Resource Recovery Facility to interconnect RNG from wastewater treatment plants. We purchase the gas from South Platte as part of our supply and transport the gas for the City of Boulder.

Hayden Biomass

A biomass power plant that makes electricity from trees cleared to reduce wildfire risk is one of the ideas for reuse of the Hayden Generating Station property in northwest Colorado.

The proposed 20-megawatt Hayden Biomass Project would generate electricity on land near two coal-fueled units due to retire by 2028. Its feedstock would include timber from beetle-killed pine and other forest reduction and restoration efforts to mitigate the risk of destructive wildfires. Other sources include residuals from logging and clean wood from sawmills, construction, demolition and tree trimming.

All fuels would be sourced within a 100-mile radius of the Hayden plant. The proposed biomass plant forecasts demand for 160,000 tons of feedstock a year, well within the area's forecast supply.

If approved, the biomass plant could be in service by the end of 2028. It was submitted to Xcel Energy's all-source solicitation for electric resources in the Colorado Clean Energy Plan. A decision on the portfolio by the Colorado Public Utilities Commission is expected in November 2023.

Venture Capital

Through strategic support for venture capitalists, Xcel Energy stays abreast of promising technologies and business applications.

Energy Impact Partners

EIP provides capital primarily to clean-tech companies that seek to enhance energy management, increase operational efficiency and improve sustainable energy generation. Investments have included distributed energy resources, storage, electric vehicles, advanced data analytics, cybersecurity and microgrid applications.

Xcel Energy first joined EIP's Fund I in 2015 as a founding participant, then recommitted and joined Fund II. Since then, we've invested in other EIP funds, including:

- **Frontier Fund (co-chair):** 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 (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:** Invests in small U.S. businesses in the emerging energy sector.

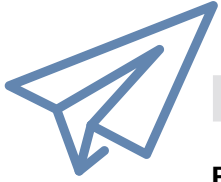
By joining with peer companies, we gain greater visibility into the business models and technologies of promising companies and can influence emerging ideas. We share diverse, global perspectives, positioning Xcel Energy to successfully manage policy changes in the states we serve. We are gaining insights that inform our decisions from energy supply to distribution, customer solutions and cybersecurity.

Other Investments

In 2022, Xcel Energy committed to Buoyant Ventures' debut fund, which focuses on early-stage companies in the digital space that address climate change. Headquartered in Chicago with leadership presence in Denver, the women-owned venture fund already has a robust portfolio of high-impact investments that can be rapidly scaled and deployed, from optimization software for utility-scale solar to demand response software for residential energy load.

Xcel Energy officially committed to join MSP Equity Fund in early 2023. This first-of-its-kind fund aims to attract venture capital expertise and investment to support Minnesota-based startups led by women and people of color.

In 2021, we committed to Energize Ventures, a global investment manager 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.



NOTEWORTHY

Rapid Innovation

Xcel Energy's partnerships in venture capital, the Electric Power Research Institute's Incubatenergy Labs and other programs give us the visibility and opportunity to demonstrate leading-edge technology and concepts that support our strategic priorities. Rapid Innovation is our 16-week limited-scope framework that enables business areas to quickly prove the value of new services, hardware and software. Vendors are selected for the demonstration only. Some examples:

- **Singularity Energy:** Both an Energy Impact Partners investment and a 2022 Incubatenergy finalist, this demonstration provided large commercial customers visualizations of their current carbon activity and reductions and forecasted how they might shorten their carbon-free trajectory by implementing new efficiency programs.
- **KrakenFlex:** Another 2022 Incubatenergy finalist, UK-based KrakenFlex demonstrated the ability to securely connect and operate a distributed energy resource through the Internet. This is a crucial capability as the number of non-Xcel Energy-owned batteries, solar and other smaller dispatchable resources increase on the grid.
- **Accure Battery Intelligence*:** Grid energy storage can play an important role to “firm” renewables when the sun isn't shining or the wind isn't blowing. Accure's analytics and artificial intelligence provide in-depth battery health and behavior data beyond the battery's factory-installed system to improve safety, reduce maintenance and optimize operation. In 2023, Xcel Energy will demonstrate Accure's capabilities using data from the Peña Station Panasonic battery array in Colorado.
- **Noteworthy.AI*:** Analogous to Xcel Energy's use of drone-captured imagery and AI to inspect transmission lines, in 2023 Distribution Operations will demonstrate Noteworthy's ability to identify and prioritize defects found on poles, pole-mounted assets and conductors by applying AI to images captured by vehicle-mounted high-resolution cameras.
- **Solid State Power*:** Xcel Energy and six peer utilities selected this 2023 Incubatenergy finalist's solid-state transformer to demonstrate at EPRI's Massachusetts lab. In addition to stepping AC voltage up and down, solid-state transformers offer improved power flow control, voltage regulation, power quality and the potential of a direct DC output.

*Demonstration project development in progress.



Electric Power Research Institute

Through our long-time membership with EPRI, we gain insights into the challenges and opportunities associated with advanced clean energy and emission-reduction technologies. This includes:

- Electric system resiliency, climate scenario analysis and greenhouse gas reduction goals.
- Renewable integration, electric vehicles, combined heat and power, customer demand response and energy efficiency.
- Informing regulators and customers on the technical and economic opportunities and challenges of new grid technologies, such as energy storage and distributed generation.

In this collaborative research environment, we engage with other organizations that are developing and evaluating new products to optimize and analyze distributed energy resources on the power grid. Xcel Energy participates in the Low-Carbon Resources Initiative led by EPRI and GTI Energy. It's a five-year research and development commitment to advance low-carbon technologies for large-scale deployment. The goal is to create risk-informed understanding of options and technologies for 2030 and beyond, through global partnerships and demonstrations, applied engineering developments, and technology acceleration of the most promising options.

Ambri Project at SolarTAC

Xcel Energy will test Ambri's Liquid Metal™ energy storage technology at Solar Technology Acceleration Center in Aurora, Colorado. SolarTAC is a 74-acre facility for demonstrating and validating energy technologies in a real-world, grid-connected environment.

Ambri's advanced long-duration storage is built for daily cycling, even in extreme environments, with a 20-year lifespan. They report minimal fade and no gas emissions or thermal runaway, capabilities that could provide greater resiliency and reliability as more renewables and higher loads are added to the power grid. Xcel Energy was a founding member of SolarTAC in 2011 and has used the site to test storage, solar and microgrid systems. Also on site is GridNXT, a plug-and-play microgrid where integrated distributed generation and storage ideas can be demonstrated.

NuScale Power

NuScale Power is developing advanced small modular nuclear reactors, and Xcel Energy is recognized for our expertise and insights in nuclear operations. These synergies led to a memorandum of understanding with NuScale in 2021 to explore the feasibility of becoming a plant operator at future plants.

The agreement has expanded into support for the Carbon Free Power Project, which is the legal entity created to build the nation's first small modular reactor on the Idaho National Lab site. Utah Associated Municipal Power Systems, a nonprofit wholesale electric provider for 50 community-owned power systems in seven Western states, created CFPP to secure long-term, firm, dispatchable carbon-free power for its members.

In 2022, Xcel Energy partnered with CFPP and NuScale to provide operational expertise and insight on our operating model for the CFPP reactor. We created a new, non-regulated legal entity to perform work for CFPP and support the effort.

This work provides Xcel Energy with valuable insight into the regulatory process and advanced reactor landscape and promotes our leadership on the topic of advanced small modular reactors.

Beneficial Electrification and Clean Heat

Xcel Energy operates in challenging climates — with cold winters, hot summers or both — that provide ideal conditions to demonstrate how heat-pump technology performs in our customers' homes. We participate in several federal programs to assess the potential of heat pumps.

NREL Cold Climate Heat Pump Study: Xcel Energy is partnering with the National Renewable Energy Laboratory to study the real-world effectiveness of cold climate heat pumps at high altitude. Colorado customers can receive incentives if they install heat pumps and agree to data monitoring and collection for 16 to 18 months. NREL is also performing lab simulations on a second system, in which a pair of test trailers will be set up to simulate single-family homes and sited at high altitude. This near-real-world impact study will thoroughly test heat pump operation in Xcel Energy's harshest climate conditions.

Department of Energy Collaborations:

- We are on the advisory board for a DOE-funded study on advanced controls for cold-climate heat pumps in dual fuel applications. Conducted by Newport Partners in upstate New York, the 2023 study includes simulation, monitoring and analysis of a control methodology with a single field installation. The study aims to develop and validate controls that also provide energy-efficiency and grid benefits for hybrid heat pumps and furnace systems in cold-climate homes. Results will be shared in an advanced, interactive workforce training program.
- DOE has asked Xcel Energy to support a new DOE Cold-Climate Heat Pump Challenge to manufacturers. It seeks to extend the capability of heat pumps by addressing changes in refrigerant requirements and establishing lower operating cutoff temperatures in two segments, below 5 degrees F and below minus 15 F. The colder cutoff range is of interest to future efforts in electrification. Company support will include offering a higher rebate tier within our current cold-climate heat pump measures and recruiting customers for the field study.
- We are also on the advisory committee for a study of hybrid heat pump controls. The DOE-funded research project is testing and monitoring advanced control strategies to optimize dual-fuel heat pump controls and validate efficiency, demand reduction and emission reduction benefits.



Renewable Energy

Some of the best wind and solar resources in the U.S. are right in our backyard — and Xcel Energy is making the most of them.

From the Upper Midwest through the Great Plains to the Southwest, wind and sunshine fuel more than 11,000 megawatts of installed wind capacity on our system and more than 3,100 megawatts of large-scale and distributed solar capacity. It all adds up to clean energy and cost savings for customers.

Over the last two decades, Xcel Energy has built a solid reputation as a renewable energy leader. We're one of 12 electric utilities to make the Smart Electric Power Alliance's 2023 Utility Transformation Leaderboard, recognized as companies to emulate in the clean energy transition. Under landmark clean energy plans in Colorado and Minnesota, we expect to add 10,000 more megawatts of renewables over the next decade.

Battery energy storage is the next frontier to capture as much dispatchable capacity as we can from our investment in renewable generation. In 2023, Xcel Energy will add our first two large battery storage systems in Colorado and return the Cabin Creek pumped-hydro storage facility to full service after a multi-year overhaul. We've also announced a partnership with Form Energy to build two 10 megawatt/100 MWh storage facilities on coal plant sites.

We anticipate renewable resources will produce nearly 70% of our electricity by 2030. Customers who want more — including communities and businesses that have pledged to run on 100% clean energy — can choose from an expanding list of voluntary options. And all our customers benefit from avoided fuel costs and renewable tax credits, which saved about \$3 billion over the last five years from our owned wind farms.

Governance

The Finance Committee of the board of directors oversees major investments, including 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 chief operating officer is responsible for constructing and operating the company's renewable resources. Both officers report to the CEO.



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[Xcel Energy's Renewable Choice Programs
in the Product and Service Innovation
Brief](#)

[Biodiversity and Land Use Brief](#)

[Leading the Clean Energy Transition Brief](#)

[Sustainability Report Data Summary](#)

[Xcel Energy Carbon Intensities Info Sheet](#)

Renewable resources produced
40% of our energy in 2022

Upper Midwest

4,515 MW Wind Power
(2,352 MW Owned)

1,343 MW Solar Power
(1,074 MW Distributed Energy)

Colorado

4,082 MW Wind Power
(1,059 MW Owned)

1,580 MW Solar Power
(848 MW Distributed Energy)

Southwest

2,548 MW Wind Power
(984 MW Owned)

212 MW Solar Power
(20 MW Distributed Energy)

Wind and Solar Power
Capacity by Region

Wind Repowering Projects

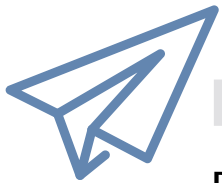
As our power purchase agreements expire over the next decade, we are seeking opportunities to buy and repower older wind farms. In the past year, Xcel Energy acquired two such projects in Minnesota: the 20-megawatt Rock Aetna project, completed in 2022, and 100-megawatt Northern Wind project, completed in January 2023.

We're 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 previous levels.

The projects include:

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

The repowering projects are projected 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.



NOTEWORTHY

Decommissioning Wind Farms

Xcel Energy's most recent wind projects, installed between 2017 and early 2022, are expected to operate 35 years. As we replace components and consider repowering opportunities for older wind farms, we are committed to the responsible disposal, reuse and recycling of wind turbine components associated with our projects.

According to industry estimates, up to nearly 95% of wind turbine parts are recyclable:

- 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, which are made of mixed materials including fiberglass, are challenging to recycle. If recycling options are unavailable or cost-prohibitive, blades are typically cut into sections and disposed as construction waste.

In 2022, two repowering projects in Minnesota successfully recycled 603 turbine blades weighing approximately 4,188 tons. That material was reused as alternative fuel in cement kilns, with the resulting ash used to make cement.

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 Sherco solar project and compete to build new solar projects in our Colorado and Minnesota resource plans approved in 2022.

Our 2018 Colorado Energy Plan called for the purchase of nearly 775 megawatts of solar power and 225 megawatts of storage. The 200-megawatt Sun Mountain Solar Project in Pueblo County began operating in December 2022, and the following projects will come online by mid-2023:

- Neptune Solar Project in Pueblo County (325 megawatts, plus 125 megawatts of storage).
- Thunder Wolf Solar Project in Pueblo County (248 megawatts, plus 100 megawatts of storage).

We've also proposed to purchase power from the 100-megawatt Apple River Solar project for our Upper Midwest system. Located in Polk County, Wisconsin, the project will be one of the largest solar installations in the state and is expected to come online the end of 2025.

In our southwest region, Xcel Energy plans to propose new company-owned solar facilities to be located at Cunningham Generating Station near Hobbs, New Mexico, and Plant X Generating Station near Earth, Texas. Two solar plants at the Cunningham site would have a combined capacity of 268 megawatts and the Plant X facility would be 150 megawatts. Locating the facilities at these locations supports the existing workforce and host communities while saving customers money by using existing grid connections. The new solar facilities will be proposed to regulators later in 2023 and could be in service between 2026 and 2027, if approved.



NOTEWORTHY

Sherco Solar Project

Ground was broken in April 2023 on Xcel Energy's Sherco Solar Project, which will create the largest single solar energy resource in Minnesota on approximately 3,250 acres near the Sherburne County (Sherco) coal-fueled power plant in Becker, Minnesota.

Two solar phases were approved by Minnesota regulators in 2022, replacing most of the capacity from the first coal unit retiring at the Sherco plant in 2023. The third phase, proposed in 2023, would bring the complex to 710 megawatts — enough to power 150,000 Minnesota homes with energy fueled by the sun to keep bills low.

Sherco Solar will take advantage of existing transmission assets and skilled labor, providing a just transition to the Becker community with well-paid union jobs over the next three years. It's also the first host site for the State of Minnesota's new Workforce Training and Development pilot program, which will provide hands-on construction skills training for under-represented communities. About 75 people will enter the Xcel Energy program in 2023.

Xcel Energy will build, own and operate the project. Sherco Solar is expected to provide \$240 million in local benefits, including landowner payments, state and local property taxes, and production taxes over its 35-year life.



Integrating Wind and Solar Power

Major growth in our wind and solar capacity has fundamentally changed the way we operate. We've set multiple system records for delivering wind and solar power. During fall and spring 2022, we recorded hours when wind and solar energy produced 90% or more of our electricity as well as entire days when these resources produced about 80% of our power.

We've continued to improve system operations and create the ability to reliably increase the use of renewables.

Our operational improvements include:

- **Investing in transmission:** We're improving and adding new transmission facilities to reduce congestion, increase regional reliability and create new capacity for delivering more wind and solar energy to customers.
- **Developing energy storage:** Large-scale battery and other long-duration storage projects allow us to store excess renewable energy and provide dispatchable capacity during periods when wind and solar generation are low.
- **Using control equipment:** We use set-point controls for wind and solar farms in combination with automatic controls on thermal units. This enables renewable generation to operate at peak levels and reduces fossil fuel generation.
- **Increasing the flexibility of our dispatchable power plant fleet:** Lower-carbon natural gas plants are now the primary dispatchable resource for backing up and integrating renewable energy. We've upgraded instrumentation and software and made other improvements, such as negotiating more flexible agreements with natural gas suppliers, that enable us to operate the system more reliably and help manage customer costs.
- **Cycling baseload plants offline and reducing minimum generation levels:** We operate our coal and nuclear units to accommodate more renewable generation, ramping the units down to reduce fuel use and emissions.
- **Adjusting planned maintenance:** We now plan transmission and plant maintenance outages to navigate reliability needs and take advantage of times of year when wind and solar production are lowest.
- **Winterizing wind turbines:** All the wind turbines Xcel Energy owns across its three regions are outfitted with cold weather turbine packages that support operations down to -22 F (-30 C).

Regional Energy Markets

Larger regional power grid operators and energy markets offer greater flexibility to add more wind and solar power. They can provide renewable resource diversity on neighboring systems and help displace thermal generation with renewables more economically.

In the Upper Midwest, Xcel Energy belongs to the Midcontinent Independent System Operator, a non-profit, member-based organization that operates the power grid across all or parts of 15 states. Xcel Energy's operations in Texas and New Mexico participate in the Southwest Power Pool, a regional transmission organization covering parts of the central U.S.

In Colorado, Xcel Energy continues to explore participation in a larger regional energy market. Along with other energy providers in the state, we joined the Western Energy Imbalance Service Market operated by SPP in early 2023. An energy imbalance market is a real-time market in which generation from multiple providers is dispatched at the lowest possible cost to reliably serve customer demand in the region. It's a short- to mid-term move that will provide cost savings to customers and improve operational efficiencies while we evaluate a longer-term, broader market structure to integrate wind and solar energy and maintain system reliability.

In spring 2023, we agreed to join Phase 1 of SPP’s proposed Markets+ initiative to participate in the service design. Markets+ seeks to expand on WEIS by providing a centralized day-ahead and real-time energy market for the West. We expect to decide whether to continue participating after an extensive review of the final design.

Compliance with State Renewable and Clean Energy Standards

Even as state requirements continue to evolve, Xcel Energy remains committed to surpass established standards beyond 2030 in the states we serve. We continuously optimize our compliance strategy with increased target requirements based on each state’s legislation.

State	2022	Next Increase	Notes
Colorado Renewable Energy Standard	30%	30% indefinitely	30% of retail sales by 2020, with 3% from distributed generation, including at least 1.5% from retail net-metered DG resources and up to 1.5% from wholesale DG resources (defined as resources ≤30 megawatts located in Colorado and not customer sited).
Michigan Renewable Portfolio Standard	15%	—	Goal of 35% by 2025.
Minnesota Renewable Portfolio Standard	30% + 1.5% Solar	10% solar goal by 2030; 55% by 2035 80% carbon-free electricity by 2030	Minnesota RPS is 30% of retail sales in 2020, plus 1.5% from solar, with at least 10% of that from on-site solar 40 kW or less; RPS increases to 55% by 2035. Carbon-Free Standard is 80% by 2030, 90% by 2035 and 100% by 2040.
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% of the statewide RPS goal each year.
Wisconsin Renewable Portfolio Standard	12.89%	—	—

Renewable Energy Credits

Xcel Energy uses RECs to comply with state renewable energy standards throughout our service areas. A renewable energy certificate or credit is created for every generated megawatt hour of renewable electricity. RECs are the unit of compliance for state renewable energy standards and some voluntary buyers' sustainability goals. They are tracked in national REC registries, which are approved by our state public utilities commissions.

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 disaggregated or 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 uses 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, comply with renewable and carbon emissions requirements, and 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 state-by-state basis or the RECs are transferred to or retained by customers as part of voluntary programs or contractual service arrangements.

To help customers achieve their voluntary and incremental sustainability goals, RECs that accrue in excess of state standards may be transferred for a fee to Xcel Energy customers (through program offerings or wholesale contracts). 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 metric by operating system, which 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.





Environmental Management

Through our clean energy leadership and commitment to continuous improvement, we're responsibly managing and reducing our environmental footprint.

Our customers and local communities expect us to act as careful stewards of the environment, protecting the air, water and land while delivering reliable, affordable electricity and natural gas. Throughout our operations, we aim to go beyond regulatory standards to further reduce environmental impact. We earn public trust and confidence through a strong record of compliance, focus on clean energy and collaboration on state and regional issues. A well-established corporate policy and environmental management system guide us.

Xcel Energy's reputation as an environmental leader began decades ago as we engaged with environmental agencies and stakeholders to help address state and regional air quality issues. We were among the first to install state-of-the-art emissions controls on our coal-fueled power plants. Over the years, our projects have served as national models for power providers to support air quality plans while maintaining reliable, affordable energy.

Today, we're investing in carbon-free energy and retiring all coal operations by the end of 2030. By encouraging the use of clean energy in the built environment, transportation and other sectors of the economy, we support cleaner air and a better world.

Governance

The Operations, Nuclear, Environmental and Safety 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.



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[The Reach Net Zero Responsibly section of the Sustainability Report](#)

[Affordable, Safe, Reliable and Resilient Energy Brief](#)

[Community Relations and Economic Development Brief](#)

[Xcel Energy Environmental Policy](#)

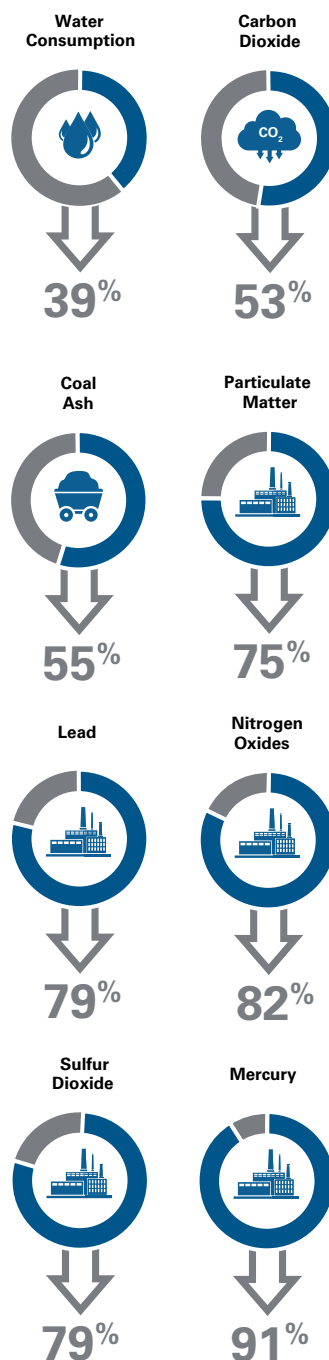
[Environmental Justice Position Statement](#)

[Sustainability Report Data Summary](#)

[Xcel Energy's Form 10K for environmental risk and expenditure information](#)

Environmental Improvement

(2005-2022)



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 Management System

Xcel Energy's comprehensive environmental management system is designed to promote excellence, continuous improvement and compliance with applicable requirements. Although we have not pursued formal certification under ISO 14001, our system incorporates its nine elements: policies, responsibilities, environmental interaction, impacts, compliance, objectives and targets, monitoring and measurement, performance review and continuous improvement.

Our management system provides:

Oversight

- Board of directors — Operations, Nuclear, Environmental and Safety Committee
- Chairman, president and CEO
- Executive committee
- Energy and Environmental Policy department
- Environmental Services department

Risk analysis

- Goals and performance indicators at corporate and operating levels
- Multidisciplinary teams for developing new compliance programs
- Environmental audit program
- Regular risk assessments

Policies and procedures

- Corporate environmental policy
- Formal, documented processes, procedures and standards
- Routine monitoring of new, evolving regulatory activity

Monitoring

- Centralized and automated compliance tracking system using real-time data
- Monthly performance reporting
- Routine facility audits

Follow-up for compliance gaps

- Tracking for corrective action and internal audit findings
- Event learning assessments
- Sharing lessons learned and fleet best management practices

Training and communication

- New employee orientation
- Site- and topic-specific employee training and tracking
- Updates and information communicated through internal channels
- Human performance policy and action

Environmental Policy

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

Through our corporate strategy and daily operations, we aim to achieve environmental excellence and demonstrate leadership by doing what's right — advancing initiatives that benefit the environment. We balance this commitment with our duty to provide customers low-cost, reliable energy.

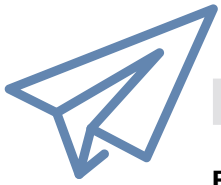
We work to conduct our operations in an environmentally responsible manner, including:

- Monitoring and minimizing environmental impacts.
- Meeting or surpassing regulatory requirements and investing in environmentally sound technologies.
- Evaluating costs and benefits to inform adoption of pollution prevention measures in operations and resource planning.
- Minimizing corporate risk and liability arising from environmental issues.
- Performing environmental due diligence before beginning a new project or real estate transaction.
- Engaging with stakeholders to address environmental issues.
- Training and empowering employees to take responsibility for protecting the environment and environmental activities related to their jobs.

In making decisions, we consider opportunities to reduce emissions, eliminate waste and conserve or protect resources, such as water and wildlife. We often participate in environmental research and stewardship projects or community partnerships.

We have more than 40 policies, procedures and guidance documents that support our ongoing performance and foster environmental excellence. All Xcel Energy employees, as well as contractors and vendors, are expected to follow these policies.





NOTEWORTHY

Environmental Justice

Because we provide essential energy services, Xcel Energy is positioned to advance environmental justice in our communities. As we lead the clean energy transition, our company is committed to considering environmental justice in all our work and provide meaningful ways for all people — no matter who they are or where they live — to participate in the energy decisions that affect them.

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.

We live this commitment by:

- Continuous improvement in environmental performance, improving air quality and reducing water use and waste.
- Working to ensure equitable allocation of both costs and opportunities from our expanding carbon-free energy system.
- Viewing energy affordability, reliability and resiliency as critical to the well-being of the communities we serve, especially to vulnerable people.
- Developing partnerships in disproportionately impacted places, including communities near our facilities.
- Supporting the continued vitality of places affected by the transition away from coal.
- Making clean energy options and services available to all our customers.
- Encouraging inclusion and participation by making outreach events easier for anyone to access — considering location, multiple language support, timing, the needs of parents and disabled people, how events are publicized and other factors.

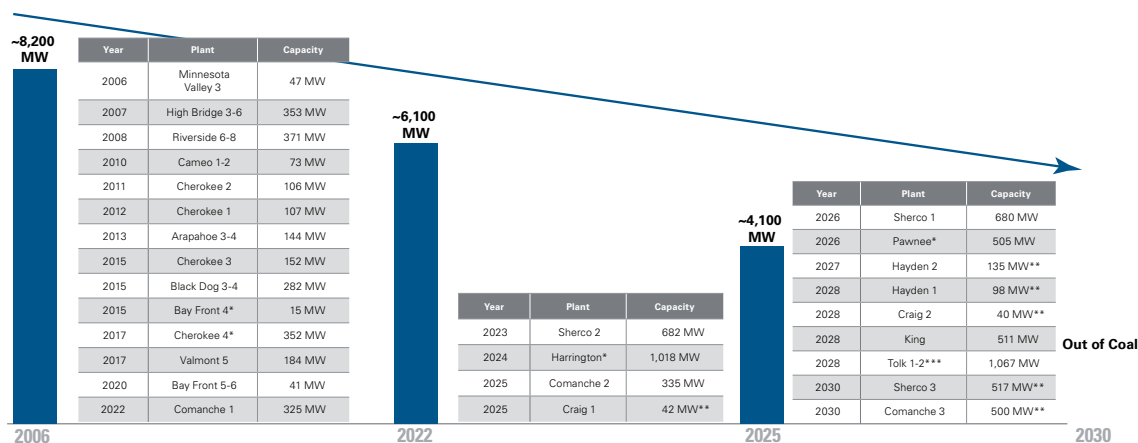
These initiatives touch many areas of our business, including employment and sourcing, construction planning and permitting, giving and volunteering, product and program design, public policy and community involvement at all levels of government.

Our Clean Energy Transition: Reducing Air Emissions

In the early 1900s, coal-fueled power plants were considered engineering marvels that improved people's lives with 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.

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 develop plans to further reduce emissions. 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. In Colorado, we retired two coal plants and repowered a third 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.
 *** Proposed early retirement of the Tolk Station, pending approval by public utilities commissions.

As we transition our operations away from coal, we are lowering or eliminating air emissions, reducing carbon dioxide emissions and cutting waste and water consumption. Communities near coal plants see significant environmental benefits from early retirements.

We have reduced emissions and waste in those communities, as shown below.

Community Emissions Reductions from Retired Coal Operations (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%

We're also in the process of closing the first two coal units at Comanche Station in Pueblo, Colorado. Comanche Unit 1 was shut down at the end of 2022, and Unit 2 will shut down in 2025. Once both units are retired, we expect to achieve the following emissions reductions at the plant 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 will retire no later than Jan. 1, 2031.

Compliance Results

We strive to comply with all applicable federal, state and local rules and regulations. However, regulatory agencies may issue Notices of Violation or compliance advisories. These notices can result in fines or penalties. If there are disputes about the alleged noncompliance, even when we believe we remained in compliance, settlements are often reached to avoid the costs of litigation and to cooperate with the regulatory agency.

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.

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

2022 Compliance Activity*

	2020	2021	2022
Notices of Violation or Compliance Advisories	4	1	2
Penalties Paid	\$41,800	\$750	\$0
External Agency Audits or Inspections	41	42	45
Internal Audits Conducted to Ensure Compliance	69	81	92

*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.

- The Colorado Department of Public Health and Environment issued a compliance advisory to Cherokee Station for wastewater discharge reporting that shows three exceedances during the year: One pH and two total inorganic nitrogen. The Water Quality Control Division initiated a process to determine whether a formal enforcement action would be taken; however, none was taken in 2022. The plant began using potable water to address the source of the problem as the use of refuse water has high nitrogen. No fines or penalties were assessed as a result of the compliance advisory.
- The Colorado Department of Public Health and Environment issued a compliance advisory to Hayden Station for exceedances of air emission permit limits. Failure of scrubber controls resulted in one event of sulfur dioxide emissions exceeding the limit of 0.13 lb/MMBtu (30-day rolling average) and two events for failure to meet the sulfur dioxide percent reduction of 82% (30-boiler- operating-day rolling average). No fines or penalties were assessed as a result of the compliance advisory.

In spring 2022, we finalized a compliance agreement with the U.S. Environmental Protection Agency associated with implementation of the Coal Combustion Residuals Rule at Comanche Generating Station in Pueblo, Colorado. Find details in our Waste, Recycling and Reuse Brief.

Community Right to Know and the Toxics Release Inventory Program

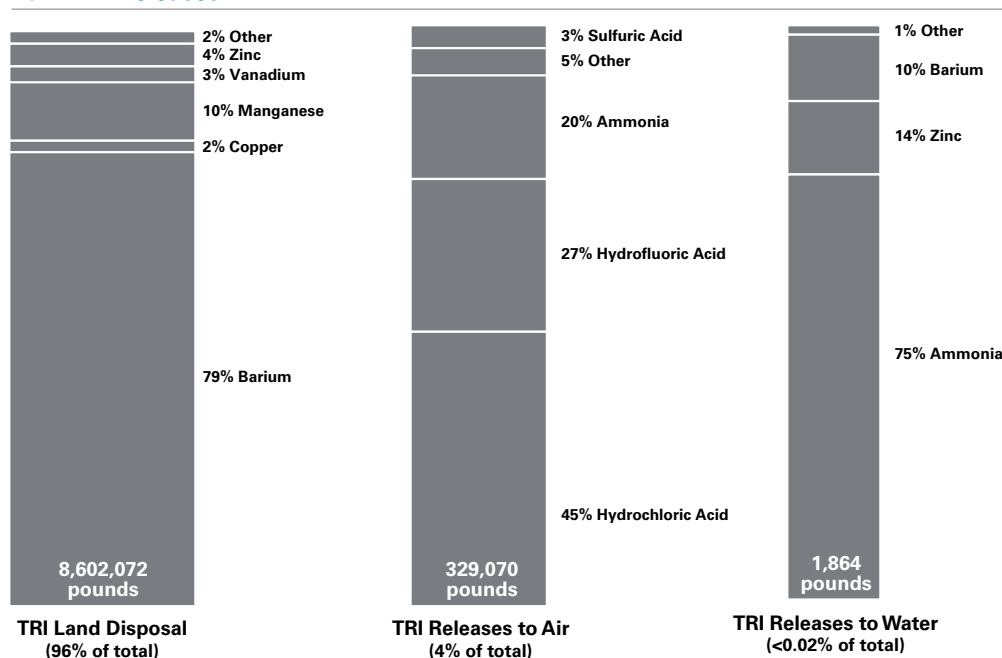
The EPA has administered the Emergency Planning and Community-Right-to-Know Act since 1986. Under this federal law, residents have the "right to know" about potential hazards in their communities from hundreds of chemical substances. Each year, facilities in specific industries that manufacture, process or use any of these substances must report their releases to air, land and water. The EPA manages the information in a publicly available database under the Toxics Release Inventory program.

Xcel Energy has participated since 1999 when the TRI program expanded to include electric utilities. We annually report our releases, 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.

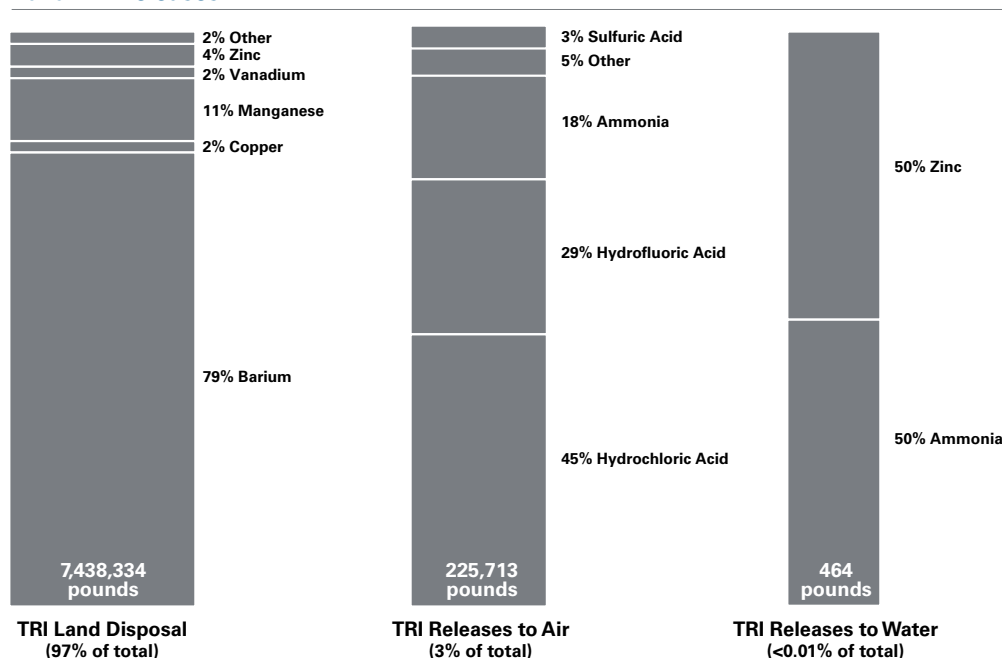
TRI reportable substances are reported by facility and release type — land, air and water. A facility's releases may change slightly from year to year based on the amount of electricity produced and the fuel that is consumed, as well as fuel composition and mineralogy.

From 2005 to 2021, we reduced releases under the program by more than 45% due to the decreased use of coal. Most of our TRI reportable substances are contained in coal ash at our plants, preventing them from entering the air. We capture about 95% of these constituents and safely dispose of them in managed landfills.

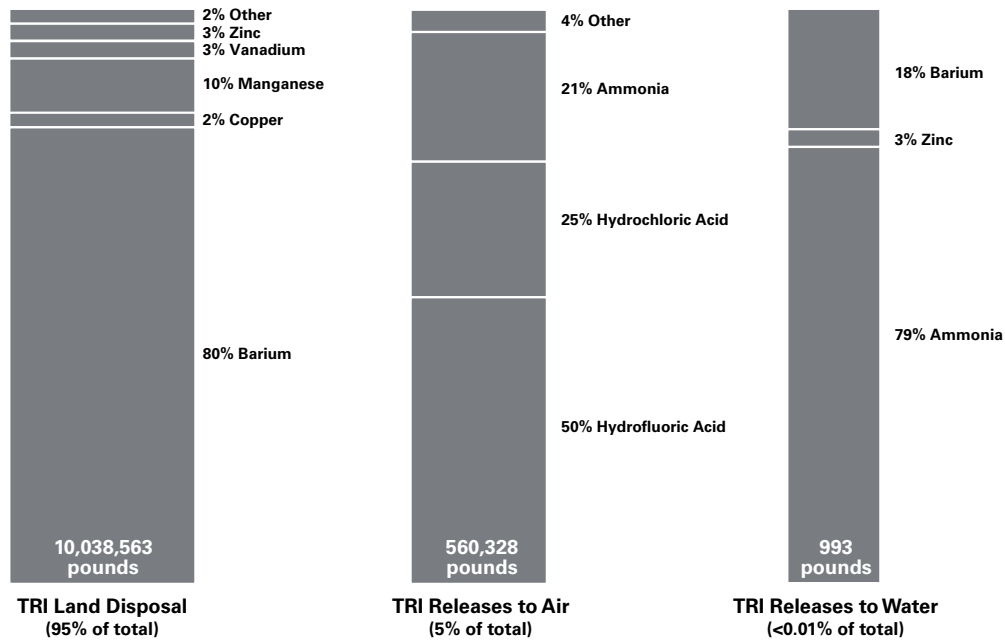
2021 TRI Releases



2020 TRI Releases



2019 TRI Releases



Releases provided here are from nine generating plants across our service area.

Legacy Manufactured Gas Plant Projects

Well into the 20th century, gas was manufactured from coal, oil and petroleum and used for heating, cooking and street lighting. EPA estimates thousands of manufactured gas plants operated in the United States between 1815 and 1960, owned by municipalities and corporations, including predecessor companies to today's utilities.

Manufactured gas facilities produced a variety of wastes and byproducts, including coal tar. Some were sold for reuse or disposed off-site, and some were left at plant sites.

Because our operating companies' history goes back more than 150 years, Xcel Energy inherited legacy MGP sites. All the plant facilities were closed and dismantled years ago, and some properties have been sold. Over the years, Xcel Energy has worked cooperatively with environmental agencies and communities to investigate and remediate former MGP sites when necessary.



Water Management

Water plays a critical role in our operations, as well as the safety and well-being of communities and ecosystems in our service area.

Our electric operations rely on a dependable water supply to run 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 processes, striving to use water efficiently and return it to nearby waterways in a safe condition.

Xcel Energy facilities have individual wastewater discharge permits issued under the Clean Water Act. Our facilities had an exceptional compliance record in 2022, with only a single compliance advisory.

Company-wide, our goal is to reduce water consumption from the electricity serving our customers 70% by 2030 from 2005 levels. Some of that reduction comes about as we produce more power from wind and solar, which operate without water. But in order to operate reliably with high levels of renewables, future zero-carbon 24/7 power technologies will need a dependable water supply.

Water resource issues vary by location, driven by each region's unique climate and hydrology. We expect regional resources will become more stressed as weather patterns change and competition for water increases. To help manage this risk in our southwest regions, we have implemented strategic water plans that forecast, model and manage our needs. We engage in regional and state water planning processes and work cooperatively with our communities, tailoring our approach to help solve local supply issues, secure responsible water options and preserve fresh water where we can.

Governance

The Operations, Nuclear, Environmental and Safety Committee 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.



LEARN MORE

[Leading the Clean Energy Transition Brief](#)

[Environmental Management Brief](#)

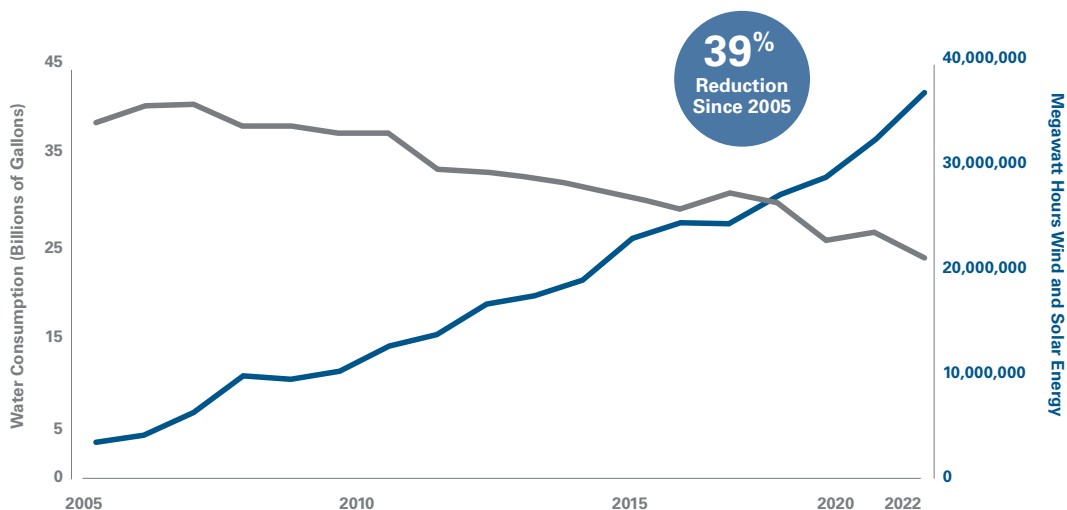
[Sustainability Report Data Summary](#)



Progress toward

Xcel Energy's goal to **reduce water consumption 70%** by 2030

**Water Consumption
compared to
Wind and Solar
Energy Production**



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, in conjunction with wind and solar energy, as part of a reliable power grid.

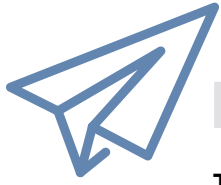
Water issues, administration and institutions are inherently local. Xcel Energy operates in different climatic and hydrologic regions, requiring a multi-faceted approach to risk mitigation.

- By using sophisticated hydrologic and statistical modeling tools, we evaluate the impact of future climate change on water supplies.
- In each region, we consider the appropriate cooling technology, water or wastewater treatment options, as well as the needs of other water users and stakeholders.
- We review the historic record and generation forecasts for plants that use water to assess supply vulnerability and develop strategies.
- To mitigate the impact of drought, our company owns a diverse portfolio of complementary water rights and supplies, such as reservoir storage, groundwater rights, reusable effluent and direct flow.

Because water supplies are shared resources, inextricably linked to the health and success of the local community, we engage with other water users and stakeholders to create mutually beneficial partnerships and innovative agreements to leverage water supply benefits for all participants.

These agreements include:

- Under a long-standing agreement on Colorado River water, Xcel Energy reduces generation at our Shoshone hydroelectric plant during severe drought, which allows Denver Water and others to refill their reservoirs. In return, we receive a percentage of the water that Denver stores for its customers to supply our core generating plants along the South Platte River. The agreement improves the reliability of both Denver and Xcel Energy’s water supplies and helps keep energy bills low for customers.
- In very dry years, Colorado farmers will let parcels of land go fallow if they lack the water supply to produce marketable crops. Under an interruptible water supply agreement, we buy limited quantities of their allocations to use in our plants. This helps farmers whose revenues are impacted by drought, without jeopardizing their existing water rights, while supplying water needed to maintain reliable generation through this period. Xcel Energy was the first to establish this long-standing agreement, which the Colorado Water Plan now promotes to supply future municipal demand while supporting rural economic resiliency.
- Tolk Generating Station in Texas relies on groundwater from the Ogallala Aquifer. Over the years, the water table has dropped significantly, putting increased pressure on users of the aquifer. We have proposed retiring the plant by 2028, more than four years earlier than previously planned, pending regulatory approval. This will preserve non-renewable groundwater in the region for use by agriculture and municipal users, both critical sectors of the regional economy.
- Xcel Energy participates in the Minnesota Sustainable Growth Coalition, a business-led partnership that promotes a circular economy. The coalition focuses on energy, water and waste issues to use resources efficiently.



NOTEWORTHY

Transitioning Water Resources for Beneficial Use

In the West, water rights are an extremely valuable property right. As we retire coal operations under our clean energy strategy, we're retaining rights to support future zero-carbon 24/7 power technologies. For contracted water, we're releasing it back to the owner or water authority for other uses, decreasing the water utility's need to further develop water resources to support regional growth.

We look for opportunities to use our water holdings in ways that provide a dividend for the environment and everyone with a stake in our water future.

Some examples from Colorado:

- A renegotiated water contract for Rocky Mountain Energy Center will return 2,000 acre-feet currently leased from the City of Aurora, saving Xcel Energy an estimated \$100 million and securing water supply for the plant until 2050. Aurora expects to save a similar amount in avoided water purchases for the fast-growing city.
- With the coming retirement of Hayden Generating Station, the City of Steamboat Springs will lease 1,200 acre-feet of water annually from a 5,000 acre-foot holding we own in Steamboat Lake. The lease helps reduce costs for our customers and lowers the city's risks by diversifying its water supply.
- Cherokee Station in Denver is now a zero-discharge plant, eliminating the return of wastewater to the South Platte River to help improve water quality. The new \$40 million advanced treatment system recaptures and treats the majority of plant wastewater, which also allows Xcel Energy to purchase less potable water for the plant.
- Comanche Station in Pueblo has a 12,783 acre-foot annual water supply agreement with Pueblo Water. As Comanche moves toward retirement, and more renewable generation comes online, the water we don't use will be used by the city of Pueblo for municipal supply and leased to area farmers or ranchers, supporting the local agricultural economy.
- In agreements with the cities of Longmont and Westminster, Xcel Energy exchanges high-quality water from our water rights for their lowest-quality reusable effluent, which can be used at our power plants. These win-win partnerships provide multiple benefits and save money for all participants.

Managing Water Supply and Discharges

Thermal Operations in Colorado, New Mexico and West Texas

Our thermal plants in Colorado, Texas and New Mexico use closed-loop cooling, which minimizes freshwater withdrawals by recirculating water — up to 25 times at some plants. Many are zero-discharge facilities, where no process water leaves the site. Advanced water treatment technologies separate waste for disposal while returning most process water to the plant, reducing reliance on other supplies.

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

Of seven major thermal power plants in New Mexico and Texas, six do not discharge water directly:

- Local farmers use expended cooling water to grow crops on plant sites or other nearby property at Cunningham, Maddox, Nichols and Harrington stations.
- Plant X discharges its wastewater to supply Tolk Station, which is a zero-discharge facility.
- Only Jones Station in Texas discharges wastewater to a nearby waterway under its permit.

Every year, Xcel Energy updates strategic water resource plans for Colorado, New Mexico and Texas, to reflect local climate and hydrologic conditions, forecasted demand for electricity and water, and available supplies. Among the tools we use:

- Advanced multi-variate generation demand forecasting and resulting water demand forecasts.
- Snowpack and water yield modeling 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.

In the arid and climatically variable western U.S., a diverse water portfolio is critical to maintain resilient supply at reasonable cost to our customers. Our integrated holdings incorporate a variety of sources, including direct flow water, reservoir storage, groundwater and recycled water. They also includes water from geographically diverse areas, including water imported from other basins.

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

Just as Xcel Energy has done, water suppliers have improved supplies and adopted drought response plans to ensure they meet their municipal and industrial obligations. We have partnered with municipalities and farmers to pioneer interruptible water supply agreements, activated by disruptive events like severe drought or major forest fires. Under these agreements, our company's water supplies are augmented, offsetting reductions that may occur elsewhere in the system and reducing the risk to reliable generation.

Our Cherokee Plant in Denver and Jones, Nichols and Harrington plants in Texas use treated municipal effluent for cooling. The practice helps preserve billions of gallons of freshwater and minimizes competition between the needs of power plants and other municipal, agricultural, and recreational water uses. Because it is virtually drought-proof, treated municipal effluent also improves the reliability of our water supply.

Our Water Resources staff is active in state water planning in Colorado and Texas:

- They participate on volunteer boards and technical working groups to meet Colorado's obligations under Endangered Species Recovery programs.
- They work with other water-user groups to craft policy and legislation to better adapt Colorado's water supplies to changing conditions.
- For decades, they have served as board members and officers of nine nonprofit ditch companies where the company owns significant water rights in Colorado. Through these organizations, conflicts involving water are often amicably resolved.
- In Texas, our 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, all but one of Xcel Energy's nuclear and thermal plants use open-loop or once-through cooling, which continuously withdraws water from nearby rivers, then returns it to serve other users. Although water withdrawals are higher with open-loop cooling, consumption is lower; our plants return about 99% of the water they withdraw. The exception is the Sherco Plant, which uses closed-loop cooling.

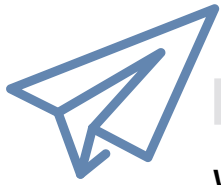
The plants follow the requirements of state water appropriation and federal Clean Water Act wastewater discharge permits, designed to meet the federal government's goals for maintaining swimmable and fishable waterbodies. We treat, monitor and analyze the water to ensure facilities meet discharge requirements,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

While once-through cooling lowers consumption, we still take a strategic approach to managing water supply in the Upper Midwest. Producing electricity is among the highest priority uses of water during extreme drought. In times of energy emergencies, our permits allow some plants operating flexibility, along with additional environmental monitoring requirements to protect fish and other aquatic life.

While unusual, our Upper Midwest region can experience dry years. We've successfully managed through these events by taking a number of measures, including:

- Participating directly with the state of Minnesota to coordinate the use of surface water among non-Xcel Energy hydroelectric facilities, steam generating plants and public water intakes on the Mississippi River.
- Evaluating the use of alternative cooling options for our plants and taking temporary measures to provide supplemental thermal cooling.
- Providing regular updates through our company meteorologists on current and future drought conditions. During the drought of 2021, 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.
- Applying our preparedness and management process to ensure the highest level of plant availability and reliability.





NOTEWORTHY

Water Leak at Monticello Plant

Regulators have determined that no health risk exists after Xcel Energy took swift action to contain a water leak at the Monticello Nuclear Generating Plant in November 2022. The plant was powered down in March 2023 to complete permanent repairs of the leak.

Low levels of radioactive tritium were detected by the groundwater monitoring system on site. Tritium levels were below NRC safety thresholds, and potential contamination was contained to the plant site. State and federal regulators and public health officials confirmed the leak poses no health and safety risk to plant employees, local residents or the environment.

The company sourced the water leak to an underground pipe between two buildings. Originally, Xcel Energy put in place a system to capture water from the leaking pipe and reroute it back into the plant for reuse. After that, monitoring equipment showed the system was no longer fully capturing the leaking water and that some additional water had escaped. The company opted to power down the plant for permanent repairs immediately, rather than waiting for a regularly scheduled refueling outage in mid-April.

All piping at the plant has been inspected and the section of pipe that did leak is being examined in a lab to understand the root cause of the leak. Xcel Energy constructed new monitoring and recovery wells, increased the frequency of measurements and will continue to partner with local officials and groundwater specialists.

Tritium, a hydrogen isotope, is created in the production of nuclear energy and is also present in the atmosphere as nitrogen interacts with cosmic rays. Its very low level of radioactivity allows it to be used in consumer products, including glow-in-the-dark watch faces and exit signs.

Xcel Energy is removing impacted groundwater and transferring it to on-site storage for reuse at the plant. Regular sampling of monitoring wells confirms there are no identified releases to the neighboring Mississippi River as of May 2023.

Hydroelectric Operations

Xcel Energy operates 26 hydroelectric plants — six in Colorado, one in Minnesota and 19 in Wisconsin — with capacity to power more than 280,000 homes. The only water loss from hydro plants occurs through natural evaporation.

Our sites range from secluded scenic areas for fishing and kayaking, to urban recreation areas with beaches and boat launches. We work with environmental and wildlife agencies to monitor water quality, protect aquatic life, ensure minimum stream flow, prevent erosion and control invasive plants.

Xcel Energy's hydroelectric plants operate on the following waterways:

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

Water Use Reporting

Xcel Energy compiles water usage data using flowmeters, flumes with recording devices and other data collection and telemetry technologies. We provide information to regulators, to show compliance with water court decrees and permits, and use it for our planning and modeling.

The United Nations Water Supply Stress Index rates a watershed “stressed” when demand exceeds 40% of available supply. Colorado, New Mexico and West Texas are considered water-stressed regions, as noted in the water use table. While the Upper Midwest does not fall under this same designation, the area can still experience periods of significant water stress.

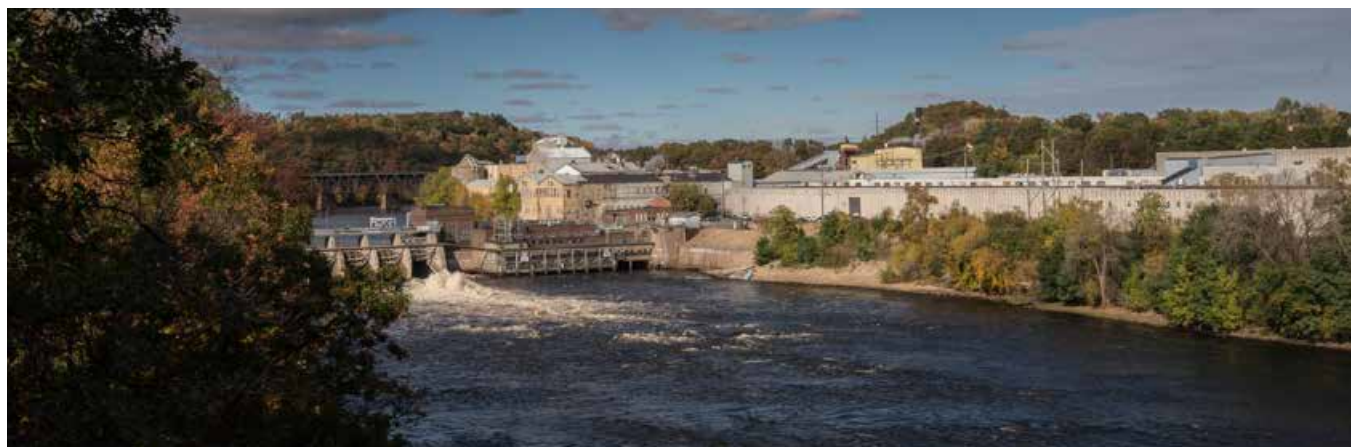
Much of the water used for cooling in our arid regions is of impaired quality, even if withdrawn from surface water sources. At various times of the year in Colorado, water quality exceeds 1,000 mg/L of total dissolved solids in the South Platte and Arkansas rivers, where Xcel Energy plants make withdrawals. Treated municipal effluent from Lubbock and Amarillo, which serves several Texas plants, also exceeds this threshold.

2022 Water Use by Source at Xcel Energy Owned Thermal Plants (Megaliters)

Source	Withdrawn	Consumed	Discharged
South Platte River Basin*	16,869	14,381	2,488
Arkansas River Basin	11,341	9,404	1,937
Yampa River Basin	5,808	5,808	0
Colorado Total (water-stressed region)	34,018	29,594	4,424
Ogallala Aquifer	9,584	8,378	1,206
Treated Municipal Effluent (Lubbock, Amarillo)	12,721	9,393	3,328
Southwest Total (water-stressed region)	22,305	17,771	4,534
St. Croix River	257,688	0	257,688
Lake Superior	39,296	0	39,296
Mississippi River	1,687,620	20,085	1,667,534
Minnesota River	111,344	0	111,344
Upper Midwest Total**	2,095,948	20,085	2,075,863
XCEL ENERGY TOTAL	2,152,272	67,450	2,084,822

*Includes trans-basin diversions

**Does not include groundwater from these locations





Waste, Recycling and Reuse

Waste avoidance, reduced consumption and beneficial reuse or recycling, along with responsible disposal, are cornerstones of our waste management program.

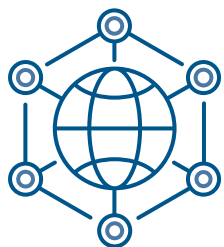
We generate waste in our operations through the production and delivery of energy, or from equipment and materials that reach the end of their useful life. We're committed to reducing consumption, avoiding waste, recycling and other practices that support a circular economy.

As we look for ways to keep costs low for customers, we are reducing or offsetting our operating costs with smart waste management approaches: using materials efficiently, finding safer product alternatives, and looking for opportunities to recycle, reuse or sell discarded or obsolete assets. Better access to markets for surplus commodities is both good recycling practice and good business.

When we must dispose of waste, we take steps to do it safely, following existing environmental standards. And we're paying attention to industry trends like more sustainable manufacturing practices that make components such as batteries and wind turbine blades easier to recycle or dispose.

Governance

The Operations, Nuclear, Environmental and Safety 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.

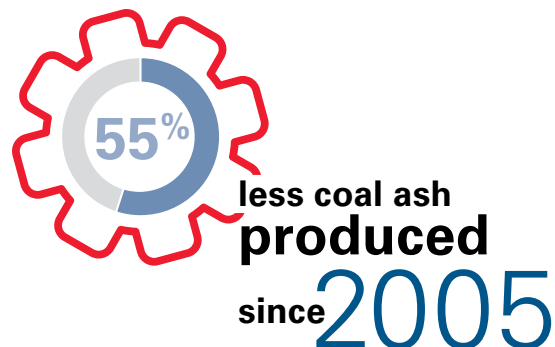


LEARN
MORE

Information on wind turbine recycling in
the [Renewable Energy Brief](#)
[Environmental Management Brief](#)

[Xcel Energy's Annual Nuclear Waste
Management Report](#)

[Xcel Energy's coal ash management
website](#)



Coal Ash Management

Coal-fueled power plants produce coal combustion residuals or byproducts, commonly known as coal ash. Over the next seven years, all production of coal ash will wind down as Xcel Energy retires remaining coal operations by the end of 2030.

Coal Ash Production and Reuse

Throughout our system, we try to reuse coal ash for beneficial purposes to save natural resources. In 2022, one-quarter of our coal ash was reused for engineered fill material, concrete, roofing shingles and other uses— including 100% of the ash from two plants in Texas.

When we sell coal ash to third parties, their intended reuse must meet product and safety specifications. Our contracts allow only encapsulated beneficial use, or unencapsulated beneficial use in quantities less than 12,400 tons for non-roadway applications.

As we replace older coal-fired power plants with cleaner generation sources, we produce less coal ash. At our remaining coal plants, emission controls, such as scrubbers and activated carbon for controlling mercury emissions, have changed the ash composition and made it potentially less marketable. As much as possible, we continue to explore beneficial uses that are both economically productive and protective of the environment.

Coal Ash Summary (estimated in tons)

	2020		2021		2022	
	Produced	Reused	Produced	Reused	Produced	Reused
Colorado	518,321	54,668	642,540	64,847	617,935	79,459
Texas	101,684	101,684	129,101	129,101	151,550	151,550
Upper Midwest	424,865	14,496	456,407	19,451	474,512	86,325
TOTAL	1,044,870	170,848	1,228,048	213,399	1,243,997	317,334

Company-Operated Coal Ash Facilities

Coal ash produced at Xcel Energy generating plants is either beneficially reused, stored or disposed at permitted third-party landfills or at company-operated coal ash facilities. In recent years, we have closed more than half our active impoundments and removed coal ash from 15 inactive impoundments at our power plant sites.

We currently operate eight active coal ash storage or disposal facilities, including two impoundments and a landfill at Sherco Generating Station in Minnesota and five landfills in Colorado, including two landfills at Pawnee Generating Station and one each at Comanche, Hayden and Valmont stations. The landfill at the Valmont property is no longer in use.

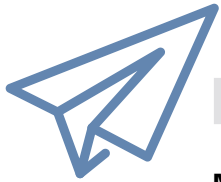
For those coal ash facilities currently in use, we've made some recent improvements:

- **Sherco Generating Station (Minnesota):** We operate an 18-acre bottom ash pond, built in 2020 with a composite liner to meet Environmental Protection Agency and State of Minnesota design requirements. We also operate an existing 100-acre impoundment, where coal ash is managed in a wet condition. Bottom ash from Units 1-3 plus flue gas desulfurization materials comprise the ash stored within this impoundment.

The Sherco plant is a zero-discharge facility, which means ash contact water from this facility is not discharged via the plant's National Pollutant Discharge Elimination System permit or to a local wastewater treatment plant. The active impoundments at Sherco are classified as significant hazard surface impoundments per the Federal Guidelines for Dam Safety.

Xcel Energy built both the new bottom ash pond and the 100-acre impoundment with state-of-the-art features to manage water and protect the environment. When these ponds are full, we will cap them with an engineered, protective cover system, and the collection system will continue to dewater the pond. EPA contractor Lockheed Martin inspected the 100-acre impoundment in 2009 and assigned it EPA's highest rating of Satisfactory.

- **Comanche Generating Station (Colorado):** We operate a new treatment system that replaced a 1.6-acre bottom ash impoundment. The existing system was taken out of service and began the closure process when the new system began operating in 2021.



NOTEWORTHY

Meeting EPA's Coal Combustion Residuals Rule

Xcel Energy follows EPA's Coal Combustion Residuals Rule, which sets standards for design, operation and closure of coal ash landfills and surface impoundments. We also meet state requirements for construction standards and operational requirements for coal ash storage and disposal. The CCR Rule includes a protocol for monitoring and protecting groundwater around coal ash facilities.

As of year-end 2022, our groundwater monitoring program indicates exceedances of groundwater protection standards at Comanche, Hayden, Pawnee and Valmont stations in Colorado. The rule requires that we continue monitoring groundwater and take corrective measures for these locations. Exceeding a groundwater protection standard doesn't mean there's an environmental or public safety concern, only that further evaluation is warranted.

At Hayden Station, we've already implemented corrective measures under State of Colorado requirements. We're working closely with EPA on the groundwater investigation and possible solutions at Comanche, Pawnee and Valmont. Through our testing at all three locations, we have no evidence that drinking water is impacted. In 2023, we plan to host public meetings to discuss possible corrective actions at Comanche and Valmont and expect to implement corrective measures at all three locations in 2024.

In addition to installing a solution to treat groundwater at Valmont Station, we plan to remove coal ash from the regulated, on-site landfill for recycling. Through an arrangement with Charah Solutions, Charah will set up operations at Valmont to excavate and process about 85% of the coal ash from the landfill to sell into the local ready-mix concrete market. The coal ash can be used as a partial replacement for cement that would otherwise need to be manufactured from mined limestone.

Xcel Energy reached a cooperative consent agreement with EPA in 2022 that was in the best interest of our customers and the Pueblo community. Based on our understanding of local groundwater conditions, we believed our operations at Comanche followed the requirements of the CCR Rule, but the agreement ensures our ongoing monitoring and reporting meets EPA's expectations as well. We agreed to pay \$925,000 and are taking additional actions, including installing more monitoring wells.

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 to increase recycling and reduce the volume of household trash that ends up in landfills.

How it works:

- Municipal trash is sorted at resource recovery facilities, removing recyclable and non-combustible materials.
- The rest is converted into a fluffy combustible material called refuse-derived fuel.
- RDF is burned at the power plants, which are capable of producing 52 megawatts of power.
- In Minnesota, the plants help meet the state's goal of reducing waste otherwise destined for landfills by about 80% in the Twin Cities.
- Remaining ash from the process is disposed in lined landfills under permit from state regulatory authorities.

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

	2020	2021	2022
RDF Consumed	516,821	489,745	503,946
Ash Produced	114,473	103,862	114,711
Total Waste-to-Landfill Reduction	78%	79%	78%

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

Biomass Fuel and Ash Summary (estimated tons)

	2020	2021	2022
Biomass Fuel Consumed	229,039	253,364	240,866
Ash Generated	9,026	9,617	8,746

Other Operational Wastes

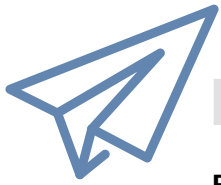
At power plants, in service centers and substations, or with crews in the field, we strive to follow best practices to manage waste. This begins by preventing the generation of waste, where feasible, and continually improving our processes for responsible management and disposal of the waste we generate. We also promote the safe use and storage of products.

Our employees and contractors are trained on safe and responsible practices. When waste must be disposed of, we do so through responsible means, using vetted and certified disposal partners, and within regulatory guidelines.

Restricting Product Use

We maintain a list of targeted ingredients to avoid or minimize where feasible in our operations, which includes highly regulated substances or emerging contaminants of concern due to potential environmental or health impacts. We work to restrict their use, if viable alternatives exist, and extend this process where applicable to onsite contractors through our environmental directives for contractors.

Over the decades, through efforts such as this, we have significantly reduced hazardous waste quantities. Xcel Energy has only one location in Wisconsin that produces enough hazardous waste to classify it as a Large Quantity Generator — a groundwater treatment system that serves the Ashland Superfund site. Approximately 94% of Xcel Energy facilities, including power plants and service centers, generate less than 220 pounds per month and are classified as Very Small Quantity Generators.



NOTEWORTHY

Resale and Reuse

Reuse is at the top of the waste management hierarchy. Some items — like vehicles — have been resold for years. But other markets are expanding as Xcel Energy and other sellers look to monetize the things we no longer need, and buyers seek workarounds for supply-chain issues.

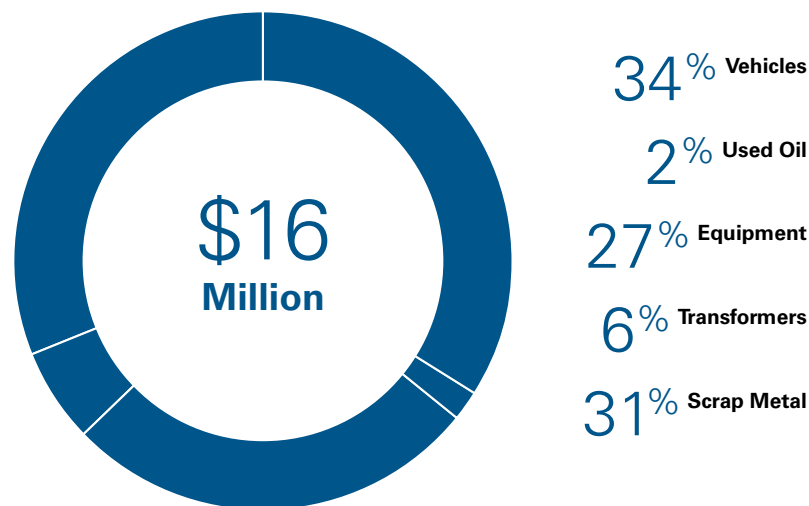
With the repowering of the Nobles and Grand Meadow wind farms in Minnesota, 203 pad-mounted transformers were headed to a scrap dealer. But because new transformers have been in short supply, Xcel Energy was able to find a buyer with an avenue for reuse — a sale that yielded \$1.9 million in recovery for Xcel Energy and provided the buyer with equipment that fulfills the purpose for which it was made.

Other examples:

- **Minnesota Valley Plant Demolition:** This coal generation plant was demolished by implosion in October 2022. Xcel Energy had recycled 3,111 net tons of metal and 2,093 net tons of brick, which will be used as base material for outbuilding pads and residential driveways. Recovered value from recycled material helped offset demolition costs by 22%.
- **Cherokee Power Plant:** Demolition of the coal conveyor system yielded 233 tons of recycled scrap metal and leveraged a buyer for 1,200 feet of belting, which would have otherwise gone to a landfill. Value recovered from this material offset project costs by 2%.
- **Advanced Grid Initiative:** As Xcel Energy continues its multi-year upgrade to smart meters, we developed guidelines to properly dispose of hazardous components from 3.9 million old meters and manage recyclable material. The project kicked off in Colorado in 2020, where approximately 28% of material removed was recycled. Batteries, mercury-filled devices and other non-recyclable materials were processed by waste vendors, according to our company's requirements. In 2022, over 672 tons of material was recycled from this project.

In 2022, we recovered approximately \$16 million by selling surplus or recyclable materials, helping to offset operating costs, which ultimately benefits our customers.

2022 Sales of Surplus and Recyclable Materials by Commodity



Material Recycling

Xcel Energy's Investment Recovery group optimizes recycling and reuse of surplus equipment, salvage and waste materials. They work closely with facility and project management to find productive outlets for materials with a secondary value, providing both environmental benefit and cost savings.

We select vendors to recycle materials through a competitive bid process. Before we contract, we investigate how each material will be managed and evaluate whether the vendor is qualified and understands their responsibilities for following all applicable environmental regulations.

Some recyclable wastes, such as oil or batteries, can have adverse environmental impacts if mismanaged. To help prevent this, vendors for these recyclables are reviewed under the same approved vendor program we use for waste disposal.

Recycling Summary (in tons)

	2020	2021	2022
Batteries*	54	73	106
Paper/Cardboard	16	17	11
Electronics	10	31	93
Lamps	17	11	12
Plastic	0	0	219
Scrap Metal	18,495	18,907	18,551
Used Oil**	3,047	3,771	5,287
TOTAL	21,639	22,810	24,278

* Includes reclaimed lead from large lead-acid batteries and recyclable NiCad and Lithium batteries. This category is also included in total universal wastes generated by the company.

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

Collection and Disposal of Regulated Wastes

All Xcel Energy employees share responsibility to properly manage our waste streams. 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 specially trained staff who work closely with Environmental Services to manage waste at their locations. Other individuals receive training on our waste management program if they work in the field or at sites that may generate regulated waste. Environmental Services staff also conducts regular site visits and develops job aids to help employees understand their responsibilities.

Xcel Energy uses centralized facilities to aggregate specific wastes before shipping for disposal. Together, these facilities help manage regulated waste streams properly, while reducing shipping and disposal costs.

- In the Upper Midwest, we operate a hazardous waste transfer, storage and disposal facility in Minneapolis, licensed by EPA and the Minnesota Pollution Control Agency. It is permitted as a long-term polychlorinated biphenyl storage facility and has a licensed Very Small Quantity Generator program that provides additional flexibility.
- In Colorado, we store PCB-related wastes at a centrally located facility, while our Materials Distribution Center in Henderson consolidates common nonhazardous and universal wastes.

To dispose of waste while managing risk, we exclusively use vendors that we systematically evaluate and pre-approve. A team from Environmental Services, Supply Chain, Legal, Risk Management and Investment Recovery meets quarterly to discuss the program and any relevant issues. Vendors contracted to manage higher-risk materials, including hazardous waste, are audited on a routine basis.

Waste Disposition Summary

Our waste generation in 2022 reflected 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 must be properly insured, financially stable and have positive compliance records.

Waste Disposition (in tons)

	2020	2021	2022
Hazardous*	39	60	42
Nonhazardous Regulated***	8,048	15,611	**24,244
TOTAL	8,087	15,671	24,286

* Hazardous waste as defined by the Resource Conservation and Recovery Act; excludes 248 tons of oil- and acid-contaminated waste from a 2022 event at Hayden Station in Colorado.

** Includes a one-time project at Tolk and Harrington Stations in Texas to properly dispose of construction and demolition debris that included coal ash and containment materials. We removed about 7,000 tons of nonhazardous regulated wastes.

*** Regulated waste streams include asbestos; polychlorinated biphenyl-related wastes, such as rags or other materials used with transformer oil containing PCBs; contaminated soils; universal wastes, such as fluorescent bulbs, lead acid batteries, rechargeable batteries and mercury switches; treated wood poles; industrial wastes; and other waste streams that cannot be commingled in a container with mixed municipal solid wastes. Excludes coal combustion residuals, and other ash streams discussed above, from operation of our generating plants.

PCB Phaseout Effort

For many years, Xcel Energy has made dedicated efforts to remove known PCB equipment from our system, including transformers, breakers, capacitors and other oil-filled electrical equipment. The Toxic Substances Control Act defines *PCB equipment* as containing oil with a PCB concentration of 500 parts per million or more, while the oil in *PCB-contaminated* equipment has a PCB concentration of 50 to 499 ppm.

- In many cases, we have retrofitted large substation equipment to reduce PCBs to non-regulated levels.
- Through our normal maintenance practices, we remove equipment identified as containing regulated levels of PCBs and replace it with non-PCB equipment unless there are extenuating circumstances in design or procurement.

When it comes to managing hazardous or special wastes, we prefer disposal methods like incineration or detoxification. They eliminate the PCBs from the waste stream, thus keeping them out of the environment.

To facilitate phaseout efforts, Xcel Energy personnel are trained on PCB regulations and proper identification, handling, removal and disposal of equipment. We sometimes discover PCBs in small sealed or previously untested specialized equipment during facility upgrades, but most of the PCB equipment left on our system comes from cross-contamination during manufacturing or maintenance occurring before full implementation of the Toxic Substances Control Act. Approximately 1.7% of used oil we recovered and 3% of electrical equipment we removed in 2022 contained regulated levels of PCBs.

Equipment and Oil Removed From the Xcel Energy System

	2020	2021	2022
PCB and PCB-contaminated oil (gallons disposed)	27,357	25,608	25,093
PCB and PCB-contaminated equipment (tons removed from service)	169	135	177
Non-PCB Equipment (tons)	479	2,340	5,312

Spill Management

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

In addition, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 compels responsible parties to investigate and remediate releases of a hazardous substance. Spills involving quantities over the defined reportable quantity for that substance must be disclosed to the National Response Center. The Clean Water Act also requires notice when a substance, such as mineral oil or lube oil, is released and enters surface water such as a stormwater sewer, drainage ditch, lake, river or stream.

In 2022, across all Xcel Energy operations, we reported 83 spill incidents to state or federal regulatory agencies, including nine spills reported to the National Response Center. Primary causes were equipment failure, severe weather and third-party vehicle accidents.





Biodiversity and Land Use

Our commitment to communities extends beyond cities and towns to the land and natural resources surrounding Xcel Energy facilities.

We manage thousands of acres of land through power line and natural gas rights of way and the lakes, rivers or grounds that support our power plants, substations, wind farms and other facilities.

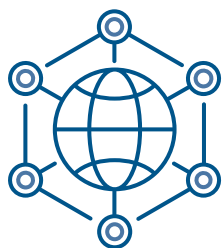
Given our footprint, we play an important role as stewards of these locations. We take precautions to protect wetlands, threatened and endangered species and other resources. When we upgrade, design and build facilities, we evaluate possible impacts to natural resources, wildlife and its habitat, and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

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 Committee of the board of directors annually reviews the company's environmental performance, including 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, including 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.



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[Raptor Resource Project: Bald Eagle and
Bird of Prey Cams](#)

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1,400

acres pollinator habitat developed

440

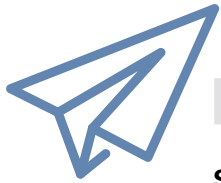
peregrine chicks

hatched at Xcel Energy
sites since 1989



\$730 million

contributed through the
Xcel Energy Foundation's
Environmental Sustainability
focus



NOTEWORTHY

South Clear Creek Improvement

In the mountains west of Denver, at the Cabin Creek pumped-storage hydroelectric plant, Xcel Energy replaced an underground concrete culvert with healthy habitat for brown, rainbow and cutthroat trout and other species.

The South Clear Creek Stream Channel Improvement Project, completed in 2019, removed barriers to fish passage and enhanced stream health and aquatic habitat. Partner agencies included the U.S. Forest Service, Colorado Parks and Wildlife and the Colorado Water Quality Control Commission.

The project removed 300 feet of buried culvert and a flume dating to Cabin Creek's construction in the 1960s. Crews restored the channel, created resting areas and habitat diversity with small boulders in the stream, and successfully revegetated with native seed and riparian plantings — some rooted from cuttings taken at the site.

South Clear Creek originates near the Continental Divide and joins Clear Creek at Georgetown. The creek is a key water source for metro Denver and agriculture, and is popular with river runners and anglers.



Avian Protection Plans

Transmission and distribution lines and equipment can attract birds to roost and build their nests, which can pose collision or electrocution hazards. Xcel Energy's Avian Protection Plans, developed with the U.S. Fish and Wildlife Service, are essential to keep birds safe and meet federal wildlife protection standards.

Under the plans, we identified facilities that pose higher risks for bird injuries or deaths and retrofitted them with roosting deterrents, flight diverters that make lines more visible, and other protective equipment. We design facilities to meet industry standards that 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 use a required online form to report injured birds or fatalities. We monitor those locations and add avian controls as needed to reduce future risk.

Managing Renewable Energy Projects

Our clean-energy vision, including widespread adoption of solar and wind energy, is the biggest contribution we can make to preserving the natural world. But utility-scale projects come with their own environmental challenges. We take seriously our obligations to manage siting, construction and operations to limit their impact on wildlife and rural land use.

Responsible Wind Energy

To achieve their full environmental benefit, wind farms must be properly located, constructed, operated, monitored and managed through their life cycle. To that end, we develop detailed bird and bat conservation strategies for all company-owned wind energy facilities, which provides a handbook for best management practices 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 site selection of company-owned wind energy facilities. The guidelines provide a consistent framework to assess wildlife protection strategies for potential sites. As part of this, we work with wind project developers and state and federal agencies to minimize impacts to wildlife and habitat as much as we can.

Construction

Best management practices for wildlife and habitat protection are put in place during construction and repowering of Xcel Energy's wind projects. To protect lesser prairie chicken leks while building our Sagamore Wind Farm in New Mexico, during the breeding season we reduced traffic speed and volume, controlled access where we could, and avoided off-road travel in rangeland and planted grass. Construction contractors receive site-specific environmental training to identify and report wildlife issues. For example, we incorporate Minnesota Department of Natural Resources recommendations to avoid impacts to the threatened Blanding's turtle. These include species-specific contractor training and wildlife-friendly erosion and sediment control.

Wind Farm Operations

Once in operation, we evaluate how our projects affect wildlife. We conduct post-construction avian and bat mortality monitoring at all our sites to decide if we should make operational changes or take other measures. This decision-making process is coordinated with federal and state wildlife agencies. We report avian and bat loss at our facilities to these agencies under the terms of our federal and state permits.

At our Crowned Ridge II project in South Dakota, we're conducting a multi-year study on movements of prairie grouse in and around wind farms. Sharp-tailed grouse are tagged and tracked to better understand how wind energy development affects their seasonal habitat selection and demography. This information could inform future siting and design decisions to reduce impacts to prairie grouse species.

We are partners in a University of North Dakota research project focused on detecting avian and bat carcasses at wind energy sites. The research team is developing machine learning algorithms to identify avian and bat species via drone-mounted cameras. This technology could help the wind industry 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 at the sites of two retired coal-fueled power plants, on land planted with a seed mix to attract bees, butterflies and other beneficial species.

Xcel Energy plans to establish the largest solar sites in Minnesota to provide beneficial habitat to native birds, insects and other wildlife. Sherco Solar 1 and 2, under construction in Becker, will have capacity for up to 460 megawatts of solar power on over 3,000 acres. Another 1,700 acres is in development as Sherco Solar 3 near Clear Lake, Minnesota.

We will establish native and pollinator-friendly vegetation across these sites to qualify for the Minnesota Habitat Friendly Solar Program. The project team is coordinating with multiple state agencies and native plant specialists to prepare for implementation.

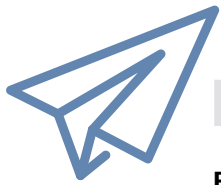
Renewable Energy Wildlife Institute

The Renewable Energy Wildlife Institute, an independent nonprofit, works to solve challenges associated with wildlife and renewable energy through sound science and collaboration. Xcel Energy provided significant financial support to the organization, previously known as the American Wind and Wildlife Institute, which encouraged its broader research on mitigating environmental challenges at 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 wind and solar 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 that evaluates the effect of wind turbine size on bird and bat mortalities.
- A project related to wildlife abundance and use of utility-scale solar facilities in agricultural environments.

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



NOTEWORTHY

Bird Cams and Nesting Boxes

Supporting our communities means more than just human communities. With the 1989 installation of a falcon nest box at the Allen S. King plant, we were the first power company in the world to host birds of prey, according to our partners at the Raptor Resource Project. With RRP's help, Xcel Energy installed webcams that have broadcast live nests since 1997 from plant locations in Colorado and Minnesota.

At the bald eagles' nest at the Fort St. Vrain plant in Platteville, Colorado, two solar-powered cameras capture a world most humans never see. Viewers on YouTube observe the massive nest (9' by 8' by 8' deep) as the parents take turns keeping the eggs and eaglets warm, bring home prey and fend off intruders.

Bird programs like ours were key to the peregrine falcon's survival. Once down to 324 nesting pairs across North America, peregrine populations recovered after humans bred and released them, including nests at our High Bridge, King, Sherco and Riverside plants. Through 2022, approximately 440 peregrines were born at Xcel Energy facilities since our nesting program began.

Peregrines like to live in high places close to water, so power plants make ideal locations. The falcons spot their prey in flight, fold themselves into feathery missiles and dive at speeds of 200 mph or more, making them the fastest animal in the world.

At the Bay Front plant in Ashland, Wisconsin, Xcel Energy and the Raptor Resource Project are teaming up in 2023 with the local newspaper and school district. As the falcons hatch, local kids will propose names for them and Daily Press readers will vote for their favorites.

Across our service regions, Xcel Energy volunteers help band the falcon chicks, maintain the cameras and clean up nesting sites after the young fledge. When the tree branch supporting the Fort St. Vrain eagles' nest collapsed in 2021, volunteers worked with RRP to install an artificial limb and rebuilt the nest. The eagles returned in 2022, and the nest is still actively used by the nesting pair. The birdcam network has attracted up to a million website views in a year, including TV meteorologists, classroom teachers and homeschoolers. Along with our own bird habitats, we support the Minnesota Department of Natural Resource's EagleCam in St. Paul and awarded 2022 focus grants to HawkQuest, the Audubon Society, EagleWatch and other avian nonprofits.

Eagle Protection

Xcel Energy takes seriously wind energy's potential impact on eagles. Because of the unique habitat around each wind project, we apply a site-by-site approach to evaluating eagle risk. Before construction, we conduct eagle use and nest surveys to understand what eagles are doing at each potential wind farm site. Results are used to adjust turbine siting and decide whether more eagle risk minimization should be added to a facility's bird and bat conservation strategy.

We own several wind farms where risk factors — including the presence of eagle nests or high eagle use — required us to develop site-specific eagle conservation plans with the U.S. Fish and Wildlife Service. They serve as supporting documents to 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 as much as possible.

Lesser Prairie Chicken Conservation

Rangelands in our Colorado, New Mexico and Texas service area provide important habitat for the lesser prairie chicken. In March 2023, the USFWS listed two Distinct Population Segments of the species as threatened or endangered under the Endangered Species Act. In advance of the decision, we worked with federal and state officials to avoid, minimize and mitigate potential impacts from Colorado's Power Pathway project in the eastern part of the state. We are enrolling portions of the transmission project in the Renewable (Wind and Solar) Energy, Power Line and Communication Tower Habitat Conservation Plan for the lesser prairie chicken to offset any impacts to the bird's habitat. Mitigation under the plan supports protecting and expanding existing strongholds and other areas of relatively high-quality habitat to protect viable lesser prairie chicken populations and restore unsuitable habitat.

Since 2014, we have voluntarily spent more than \$9.5 million on minimizing and mitigating impacts and improving habitat for these birds. At Sagamore Wind Farm in eastern New Mexico, we committed to invest in over 2,000 acres of preservation and restoration credits from the Lost Draw Conservation Bank — the first USFWS-sanctioned lesser prairie chicken conservation bank. With Xcel Energy as an anchor tenant, the bank is working to expand, improve and protect significant high-quality habitat south of Sagamore. 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 prairie chicken through permanent easements held by a New Mexico land trust. The strategic location of Lost Draw also contributes to the goal of securing a lesser prairie chicken stronghold and potentially a future focal area.

Support for Pollinators

According to the U.S. Fish and Wildlife Service, more than 75% of our food crops rely on pollinators to survive. Pollinators — bees, butterflies, some birds and even bats — are vital to flowering plant reproduction but their populations are shrinking. Xcel Energy has worked with partners to develop and maintain pollinator habitats for more than 30 years.

We have more than 40 active sites ranging from less than one acre to almost 800 acres, covering nearly 1,400 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 wind projects. We support and initiate 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.

In 2022, an employee volunteer group seeded five acres adjacent to Fort St. Vrain Station near Platteville, Colorado, with a pollinator-friendly mix to enhance habitat along the St. Vrain River. We expanded our pollinator initiative to Colorado several years ago, and this project brings our total acreage seeded for pollinator habitat to nearly 80 acres in the state.

In our vegetation management practices for controlling brush, trees and weeds, Xcel Energy and the contractors we employ do not use chemicals that are harmful to beneficial insects on our rights of way and properties. We eliminated 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.

Value People

Cultivate a diverse, best-in-class
workforce, champion safety,
inclusion and equity for everyone



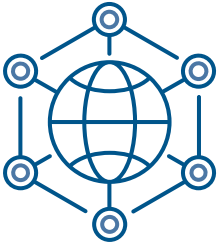
Workforce Safety

When it comes to safety, we consider our employee and contractor workforce as one team and strive to build an atmosphere of transparency and trust.

Safety is at the heart of everything we do, and one of our corporate values. Our Safety Always approach encourages open communication and information sharing to continually improve safety. We want Xcel Energy's employee and contractor workforce to feel comfortable reporting injuries, so they get immediate and proper care, and we can all benefit from what we learn from their reports. These in-depth learning opportunities allow us to identify controls that help prevent life-ending and life-altering injuries. Controls—such as guardrails, seatbelts or automatic safety functions—are our most important strategy, because they save lives.

Governance

The Operations, Nuclear, Environmental and Safety 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.



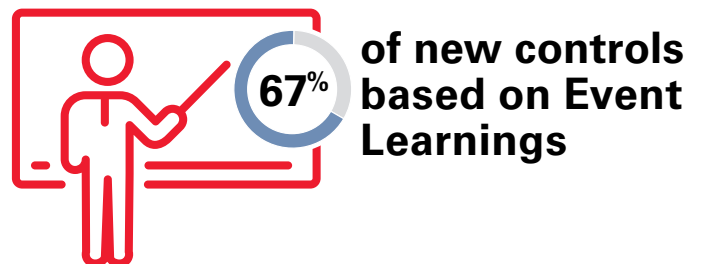
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Safety Always

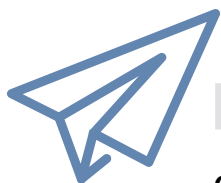
After three full years of implementation, Xcel Energy's Safety Always culture is achieving results—through new ways of doing things and an atmosphere of trust and transparency.

We launched Safety Always in 2020 to focus efforts on identifying the most serious risks inherent in our work and doing everything possible to mitigate them. Research and best practices show that this approach is more effective than traditional programs that focus on avoiding minor injuries in order to prevent more serious ones.

Its elements include:

- **Enhanced Culture:** Safety Always focuses on listening and sharing with our employees and contractors. Through Event Learning and candid conversations in a non-threatening environment, we gain an understanding of how an incident occurred, rather than who was to blame, and can identify preventive measures and put them in place. This process has been so effective, it's now being used across Xcel Energy for operational learning and improvement.

We do not pursue discipline for employees or contractors who report near misses, which allows us to learn at the best possible time—before an injury. Of the 306 near-miss situations reported in 2022, 38% identified significant hazards that we are now working to prevent.



NOTEWORTHY

Contractor Safety

We apply the same safety rules, training requirements and reporting standards to our contractor workforce as we do to our employee workforce. This approach stems from our core precept that when anyone on the job at Xcel Energy has a bad safety day, Xcel Energy has a bad safety day. We are one team.

In 2022, we started meeting quarterly with our alliance of contractor partners—the top 20 contracting firms that provide 40% of the total volume of work performed by our contingent workforce. For all Xcel Energy projects, we require contractors to report monthly their injuries and incidents including significant injuries and fatalities (SIF injuries), which is the Safety Always approach to monitoring severe events. They are also contractually required in their training and reporting to use Human and Organizational Performance principles, based on the tenet that it's less important to determine who failed than what failed and why.

Xcel Energy and our contractor partners work together to define and track safety metrics, our prequalification and approval processes, monitoring and vendor meetings. To close visibility gaps in both directions and foster better conversations, we have developed dashboards that provide live safety data. Key elements of these collaborations include touchpoints in the field with contractor management throughout the year.

This is not a top-down initiative imposed by Xcel Energy. Our contractor partners, instrumental in the daily work of our electricity and natural gas operations, mutually want to strengthen safety partnerships and align reporting, often to meet their own organizational goals. We are also working with other utilities and the Edison Electric Institute to redefine contractor safety programs to focus on the causes of significant injuries.



• **Data Analytics:** To analyze our safety program, we shifted from lagging injury data to leading safety indicators that are predictive, proactive and supported by a centralized safety platform, EcoOnline. Its tools make it easier for employees to submit details about injuries, near misses and observations, so we can make more data-driven decisions.

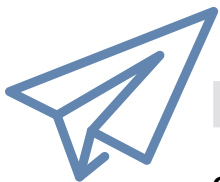
• **Human and Organizational Performance Principles:** Five principles provide the foundation of our Safety Always approach:

- Error is normal – people make mistakes.
- Learning and improving are vital.
- How you respond to failure matters.
- Blame fixes nothing.
- Context influences behavior.

We are incorporating these principles into our work, shifting our focus toward ensuring positive outcomes. We concentrate on what failed and why, rather than who failed.

• **Visible Safety Leadership:** In 2022, leaders were trained on how to ask critical questions during pre-job briefs, align safety with operational excellence and recognize safe behaviors. We introduced the Safety Always Recognition Program, which provides new ways to highlight safe behaviors. All leaders have access to three unique safety coins to recognize co-workers for acts of caring, sharing and learning. Our executives may award a special coin to employees who contribute to Safety Always culture in a significant way. A new initiative allows leaders to reward safe behavior with points redeemable for gift cards and merchandise.

• **Critical Risk Management:** Under CRM, crews take time to consider the hazards involved in their work that could lead to serious injuries and fatalities, and delay starting tasks until all critical hazards are identified and all critical controls are in place. We have expanded training, monitoring and evaluation to include both employees and contractors and prequalify contract firms based on their ability to meet our standards in 13 critical risk areas.



NOTEWORTHY

Critical Risk Management

To prevent the most life-altering injuries and fatalities from happening, we trained more than 15,000 employees and contractors in 2022 on Critical Risk Management and hazard identification. CRM is a continuous improvement process that seeks to reduce the potential for a life-ending or life-altering event by emphasizing that robust controls truly save lives.

Under CRM, crews take time to consider the risk involved in their work and don't start tasks until all critical hazards are identified and controls are in place. We use the 13 critical risk areas to prequalify and approve contractors to work for us.

In 2022, we launched CRM working groups across the enterprise to help us test and improve newly developed safety processes designed to reduce risk. The crews in our pilot team created more than 30 critical control summaries and checklists that detail the barriers that need to be in place to prevent or mitigate risk during a potentially fatal or life-altering task. Crews across the company have access to these tools during pre-job briefs to determine what critical controls are needed to execute high-risk work safely.



Safety Management Fundamentals

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

Our safety management provides

Oversight and clear responsibilities	• 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 performance, and fosters our safety philosophy. • All managers 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 empowered to stop work if they see unsafe practices.
Reporting	• Employees and contractors are encouraged to report unsafe acts or conditions to management in a timely manner. Any retaliation against a co-worker who, in good faith, reports a suspected violation is strictly prohibited. • The EcoOnline safety software provides one easy, convenient reporting option. It consolidates safety information into one platform, improving our overall response time and effectiveness. Employees can also report concerns and incidents through their Corporate Safety consultants or safety committees.
Policies and procedures	• We have one corporate policy and multiple safety programs in place to address occupational safety and health issues. These apply to bargaining and non-bargaining employees.
Hazard identification, risk assessment, incident investigation and continuous improvement	• We continuously identify and assess the hazards and risks inherent in our work and strive to mitigate them through near-miss reporting, Event Learning sessions, Critical Risk Management processes, job briefings and EcoOnline reporting. • When Corporate Safety staff receive reports or concerns, we emphasize identifying solutions at the top of the hierarchy of controls, including elimination, substitution and engineering. These controls minimize the risk of human error. • In 2022, we used outside professionals with more than 60 years of combined health and safety experience to audit our safety program. They evaluated alignment of safety policy requirements with OSHA requirements and assessed compliance with corporate policies across the organization.

Our safety management provides

Training	• All employees are expected to actively participate in safety and health training. • We offer more than 50 safety training opportunities, which are assigned based on OSHA standards and job responsibilities. To continually reinforce safe work practices, we also assign training as part of job requalification. Courses, materials and equipment are provided free of charge. • Safety courses are a mix of online and instructor-led classroom training, depending on the best approach for the material. This allows flexibility before employees take on new work tasks. We update training content as needed and ask learners to evaluate quality and effectiveness.
Communications and Employee Engagement	• All workers have access to required safety and health training, policies, programs and safety manuals, and communications required by federal or state agencies. • Safety committees throughout the company meet on a regular basis, 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 worker concerns and needs are addressed. Committees communicate trends and initiatives that members can share with co-workers. • Safety communication continually receives high marks in our annual Employee Engagement Survey. Updates are provided in weekly emails, briefings, news stories, documents and posters, safety committee meetings, videos and training.

Caring, Sharing and Learning from Injuries

Xcel Energy operates from the paradigm that the earlier employees and contractors receive treatment for an injury, the sooner they will return to normal life and work. When someone experiences a non-emergency injury at work, they and their manager can contact the 24/7 Work Injury Helpline for a professional assessment and recommendations. If the injury is serious or life-threatening, they are told to call 911 immediately. We also contract with two onsite occupational health nurses to answer questions and provide guidance following an Injury Helpline call.

When an employee experiences an OSHA recordable injury on the job, Xcel Energy's chairman, president and CEO personally contacts them to ask how they're doing and what they need to make a full recovery and return to work. We follow corporate confidentiality procedures by not sharing personal information beyond those with a need to know.



Diversity, Equity and Inclusion

We aim to create an inclusive and equitable work culture where diversity is valued and celebrated, while taking the same approach to conducting business and serving communities.

Because social sustainability is central to our business strategy, we are building a workforce that reflects the diversity within our communities. Our most successful ideas and outcomes result from collaboration between people with different experiences and perspectives. By viewing opportunities and challenges through multiple lenses, we are better able to leverage our strengths and achieve our strategic priorities.

Change happens when people connect in new ways. Our CEO and senior executives lead by example, fostering an open and accepting work environment. We have launched new avenues for development, recruitment, hiring and advancement to reach a broader candidate pool. Twelve business resource groups bring employees together to support their interests and share their perspectives. We are broadening our supplier base and making DEI a key component of our support for community organizations.

We strive for DEI to be an integral part of who we are, how we operate and all the ways we're working to create a sustainable future.

Governance

Xcel Energy's Board of Directors, as well as the board's Governance, Compensation and Nominating Committee, annually review and provide oversight of the company's workforce strategy, including DEI initiatives. Within the company, the CEO and other senior executive leaders set a strong example. The chief human resources officer reports to the CEO and has overall responsibility for these initiatives, which are implemented and managed by the director of DEI and Corporate Giving.



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[2021 EEO-1 Report](#)
(2022 available later in 2023)

[Human Capital Management Brief](#)

[Corporate Compliance and Business
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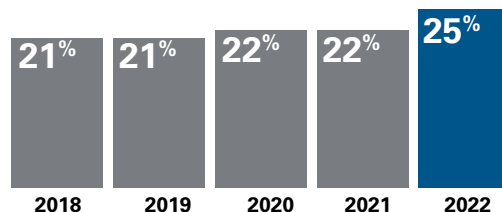
[Human Rights Position Statement](#)

[Supply Chain Management Brief](#)

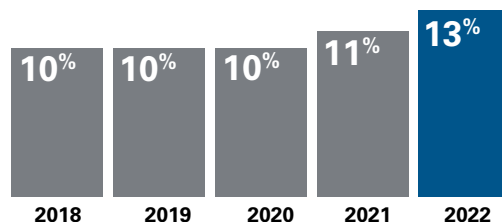
[Supplier Diversity Program](#)

[Community Giving and Volunteerism Brief](#)

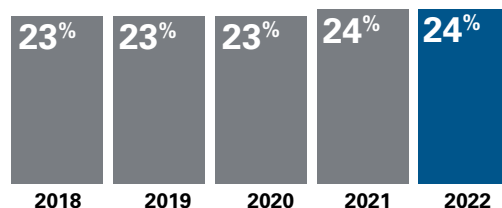
Percentage Female Management



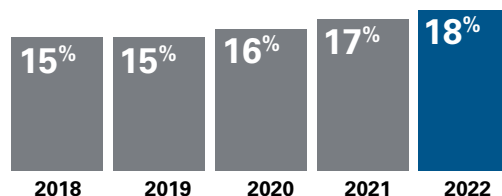
Percentage Racially or Ethnically Diverse Management



Percentage Female Employees



Percentage Racially or Ethnically Diverse Employees



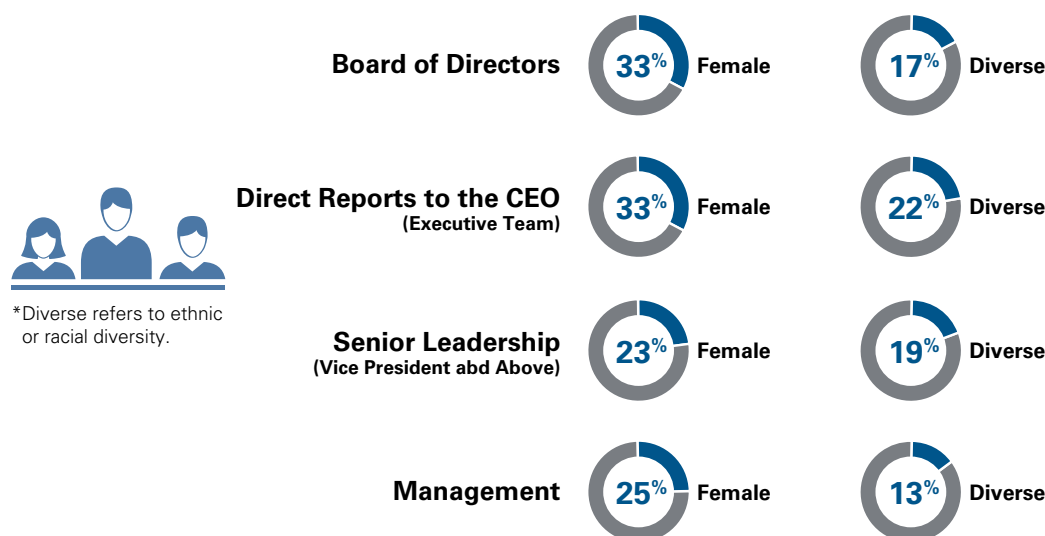
Diversity, Equity and Inclusion Honors

- Recognized as a Best Place to Work for LGBTQ+ Equality in 2022, receiving a perfect score for six years on the Human Rights Campaign's Corporate Equality Index.
- Earned a 90 of 100 on Disability:IN's Equality Index for the third year in 2022.
- Included among America's Greatest Workplaces for Diversity, according to Newsweek in 2023.

Leading by Example, Setting Expectations

Xcel Energy has steadily increased the diversity of its board and senior leadership, demonstrating commitment at the very top of the organization. Leaders also set a strong example by visible efforts to build an inclusive workforce and culture. Over the past three years, the female representation among senior leaders (vice presidents and above) increased nearly 1% and racially or ethnically diversity increased 11%, with an 8% increase in 2022 alone.

2022 Xcel Energy Board of Directors and Leadership Representation



Corporate Scorecard Metric

We began including an incentive-based 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.

In 2022, we reached our targets for the metric:

- Diverse Interview Panels:** Panels of employees who vary from each other in some way, including race, color, ability, national origin, gender, age or veteran status. Panelists contribute their perspectives on how a candidate can add value for the company, and candidates experience our commitment to inclusion. In 2022, 99% of employment offers were extended to candidates interviewed by diverse panels.
- Employee Feedback:** Six questions about workplace culture from our regular employee engagement surveys make up our Inclusion Index. They cover perceptions of work culture and how well the company encourages authenticity, belonging, empowerment, recognition and speaking up. In 2022, the index score remained consistent, with the most favorable ratings coming from women and ethnically or racially diverse employees.
- Executive Sponsorships:** To gain different perspectives and develop top talent, senior leaders are matched with employees from backgrounds other than their own. Through the year, sponsored employees have opportunities for professional exposure, growth and development. At the same time, executives gain different perspectives and broaden their worldviews. As of 2022, 71 employees participated with company leaders in sponsorship opportunities, with 55% of participants earning promotions or assuming new roles at Xcel Energy.

Equal Employment, Anti-Discrimination and Pay Equity

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.

Equal Employment Opportunity Policy

We recognize that our continued success depends on the unified strengths of our employees. 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, Pay Equity 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. It also 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.

Xcel Energy is committed to providing equal and fair compensation for all employees, regardless of race, ethnicity and gender.

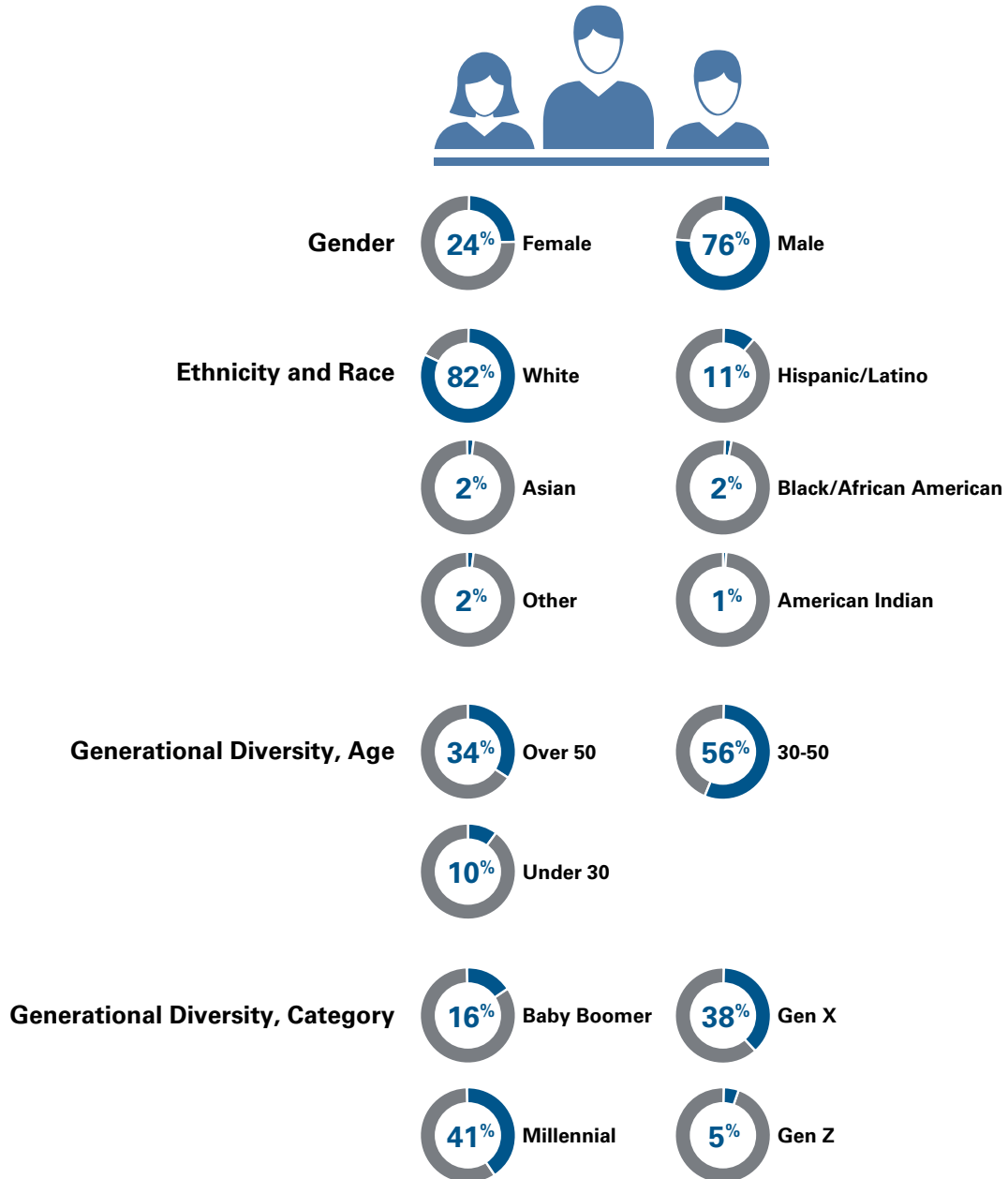


Building a Workforce That Reflects Our Communities

At Xcel Energy, we have many initiatives in place to help us attract and hire employees who reflect the makeup of our communities.

2022 Xcel Energy Workforce Representation

All Employees

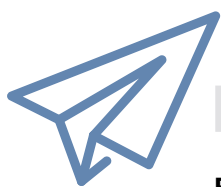


Community Outreach, Partnership and Training Programs

We seek out targeted job fairs and employment events in our communities, partnering with state workforce centers and organizations, such as Diversity Minnesota and the online job network Circa. We also engage with colleges and universities and 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 local economies.

In addition, we support training for skilled jobs in the energy industry through the Center for Energy Workforce Development. We worked with CEWD to implement the Legacy I-3 training program, which prepares diverse high school students and young adults for skilled power line worker positions in and around the Twin Cities.



NOTEWORTHY

Energy Careers Academy

To create a pipeline of trained candidates ready to fill job openings, Xcel Energy helped launch the Energy Careers Academy in fall 2022, along with the Minnesota State Community and Technical College and Minnesota State Energy Center of Excellence. The academy seeks to open doors to historically underserved populations and prepare them for a career field that offers stable, well-paying jobs.

The program provides training in electrical linework and natural gas utility construction and service. Students receive hands-on instruction at Xcel Energy's training facilities and gain exposure to company employees and leaders, including hiring managers.

Energy-related educational programs are typically offered at technical schools in rural locations, but the academy aims to enroll students in the Twin Cities area, helping remove a potential barrier for urban students. M State is responsible for curriculum, accreditation and instruction while the Minnesota State Energy Center of Excellence provides general program support and oversight. The three partners plan to increase program options including higher-credit diploma programs.

Internship Programs

We employ undergraduate and graduate college students and law clerks as interns to help build a robust, diverse talent pipeline. We place high school students in positions across our business areas through partnerships with school districts and community organizations such as Genesys Works, Cristo Rey and Girls Inc.

Military and Veteran Outreach

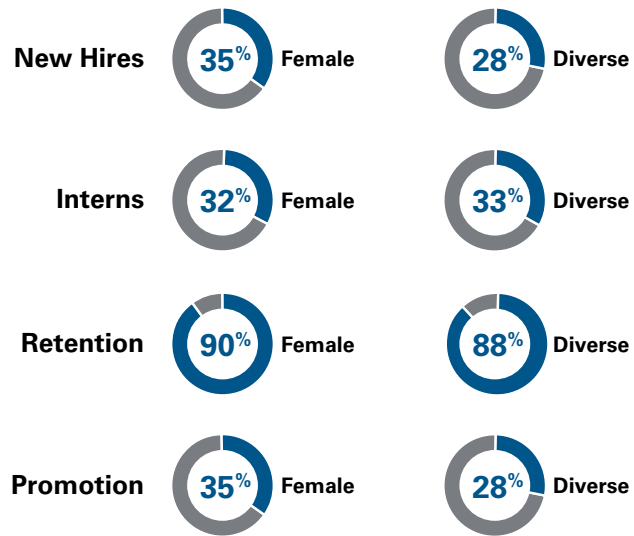
We continue to build partnerships and support activities that maintain our visibility as a preferred employer for veterans and those currently serving in the National Guard or Reserves. Veterans made up 9% of our new hires in 2022. Xcel Energy attended more than 45 job fairs and events for veterans and participated in the Department of Defense SkillBridge program and the Hiring our Heroes Corporate Fellowship Program. Approximately 10% of current employees are veterans. Many are actively involved in our VETS business resource group, volunteer to help with recruitment, and mentor current veteran employees.

In 2023, Xcel Energy was again named a 5-Star Employer through the VETS Indexes Employer Awards that recognizes organizations that do the most to hire, retain, promote and support veterans. In 2022, we were recognized as a Military Times' Best for Vets employer for the eighth consecutive year, a Military Friendly Employer, a Disabled American Veterans (DAV) Patriot Employer, and we received the HIRE Vets Medallion Award for our exceptional commitment to hiring veterans.

2022 Xcel Energy Workforce Hiring, Retention and Promotion



*Diverse refers to ethnic or racial diversity.



Fostering an Inclusive Workplace

Our commitment to inclusion influences the service we provide customers, the experiences of our employees, and our work with communities, including suppliers and other partners. We foster a 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.



Business Resource Groups

Xcel Energy's business resource groups are among the company's strongest examples of how our team members support one another. Many employees dedicate time outside of work hours to create a safe environment, through BRGs, where they can exchange ideas, pursue common interests, seek equitable solutions to personal and professional challenges, and help communities succeed.

In 2022, the company hosted a summit where representatives from every BRG came together in person to collaborate and plan 2023 activities. Each senior executive leader pledged to sponsor a BRG, committing to help BRGs translate their goals into business results.

The company currently has 13 Business Resource Groups, adding ABLE in 2022 and YPN in 2023.

- **AAP (Asian American and Pacific Islander Alliance):** Encourages employees to bring their full identities to the workplace by educating the workforce regarding AAP cultures and professional experiences, facilitating professional development and career growth, and creating a sense of unity between AAP employees, allies and the community.
- **ABLE (Accessibility, Be an Ally, Lead, and Empower):** Promotes accessibility and allyship, drives disability inclusion by leading at all organizational levels, and strives to empower self and others.
- **BLAX (Black Employees at Xcel Energy):** Promotes career development, continued education, training and 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.
- **NAYGN (North American Young Generation in Nuclear):** Provides opportunities to develop leadership and professional skills, create lifelong 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.
- **VETS (Veterans and Employees Together in Service):** 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.
- **WIN (Women's Interest Network):** Strives to improve the lives of women and make Xcel Energy the workplace of choice for women. WIN programming 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.
- **YPN (Young Professionals Network):** Provides a community where individuals at the start of their career can discuss career aspirations and challenges, share knowledge and ideas, and build meaningful relationships with co-workers with whom they may not normally interact.

Training, Resources and Celebrations

Leaders and employees are encouraged to increase their knowledge and awareness around diversity, equity and inclusion. Our company offers the following resources to support this:

- **Unconscious Bias and Microinequities Training:** All new hires receive training on how to avoid bias, and ongoing training is incorporated into all our talent processes, including hiring, performance management, investment decisions and succession planning.
- **Leader Inclusion and Diversity Conversation Starter Guide:** We encourage employees to tackle tough issues and discuss timely events related to inclusion and diversity. The guide aids leaders in creating a safe environment and initiating those conversations.

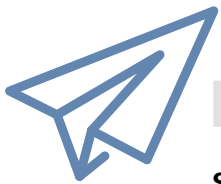
- **Online Resources:** Our online DEI resource hub was created by employees to help increase awareness and provide help on different topics. Leaders also are provided with unique online resources designed to help them lead inclusively.
- **Holidays and Celebrating Diversity:** With support from the BRGs, Xcel Energy recognizes many designated days and months with events, employee communication and volunteer activities. We share tips and resources to help employees celebrate holidays with inclusivity and mindfulness. In 2023, Xcel Energy added Martin Luther King Day as a paid holiday for all non-bargaining employees.

Business Area DEI Initiatives

Different business areas are assessing their organization's DEI progress and identifying opportunities to drive change and support the company's commitment.

- **Career Launch Program:** Early career employees are hired and developed through two-year rotations in four business areas. Two groups of 12 employees were hired in 2021 and 2022, with the class of 2021 graduating in early 2023 and starting their longer-term roles.
- **Technology Services Allyship in Action Sessions:** The organization offers opportunities for everyone to be seen, heard and included in our workplace. Its 2022 Allyship in Action sessions explored what it means to be an ally. They kicked off 2023 with a virtual event: Sexual Orientation, Gender Identity and Expression and Inclusion from A to Ze.
- **Energy Supply:** Working through the GROW BRG, the organization developed a leadership training program in which female leaders provide monthly training, development and information sessions with other women in the organization.
- **General Counsel:** We were one of the first corporate legal departments to join the Diversity Dividends Collective—a pilot program to improve DEI in the legal profession by collecting data on the outside law firms we employ and holding them accountable to show year-over-year improvement.
- **Customer Solutions and Innovation:** In early 2023, the organization started a mentorship program, where members of their VP's leadership team are matched with an applicant to promote career development and professional growth.





NOTEWORTHY

Supplier Diversity: Encouraging Diversity Within Diversity

Under our Supplier Diversity program, Xcel Energy aims to support local economies and broaden our supplier base by giving diverse businesses an opportunity to compete.

We're taking a multi-pronged approach to increasing our diverse supplier base that includes:

- Using our network of prime contractors to help us connect with potential vendors.
- Creating a development and mentorship program to increase the pool of potential suppliers in under-represented categories.
- Improving our systems to make it easier for diverse businesses to partner with us, and for us to track our progress and challenges.

We're steadfast in our commitment to diversity — striving not only to do business with local and diverse suppliers, but to ensure there is diversity within the diverse supplier base. This extends beyond business ownership to a 360-degree view of each company's commitment — through its workforce, supplier network and connections within the community. For more information, see the Supply Chain Management brief.

Community Leadership

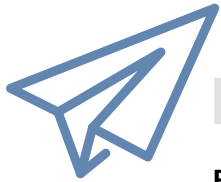
Supporting equity and inclusion is one of the most important things we can do to support the communities where we live, work and do business.

Commitment to DEI through Community Giving

In 2022, when we formalized the Xcel Energy Foundation's revised giving framework, Energizing Our Future, we also increased our commitment to support DEI in our communities. It's now a key component within each of the foundation's three focus areas:

- **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 owners and leaders.

More than 40% of our foundation grant funding in 2022 supported nonprofit organizations with a mission explicitly dedicated to advancing DEI — more than 160 organizations and nearly \$1.9 million in funding.



NOTEWORTHY

Pro Bono Program

As they focus on fulfilling their missions, nonprofit organizations may not have the staff or resources to improve their business operations or advance new initiatives. Xcel Energy employees' personal knowledge and expertise can be a powerful force for change to help nonprofit organizations achieve their goals and make a deeper impact. That's the premise of Xcel Energy's Pro Bono Skills-Based Volunteer Program.

This growing program offers our employees the opportunity to chip in and share their talents, grow as leaders and build relationships with their colleagues. In 2022, 18 employees contributed consulting services in marketing, technology, legal, finance and human resources — volunteering more than 590 hours at three nonprofits, delivering a value of nearly \$116,000 through the program.

The volunteer effort began in 2020 after the murder of George Floyd in Minneapolis. It was a way for employees to contribute their skills through pro bono consulting services to nonprofits serving underrepresented groups in the Twin Cities. Most of the work is virtual, involving three to six hours a week. Because of its success, the program was expanded in 2023 to Colorado, North Dakota, South Dakota, Texas and Wisconsin.

Community Partnerships

Through community giving, volunteerism and other engagement, our company is forging new partnerships that support equity and inclusion.

Hallie Q. Brown Community Center Early Learning Center Playground: Xcel Energy contributed \$30,000 to upgrade a play area in St. Paul, Minnesota, with safe, contemporary and culturally sensitive design and materials. We were the largest donor to the project, which among other improvements will install a new artificial turf surface, replacing hard woodchips that splinter and get caught in the hair of Black and brown children.

Blacks in Energy Minnesota: Xcel Energy was instrumental in creating the newest chapter of the American Association of Blacks in Energy. Its mission supports African American community job training and placement, supplier diversity, legislative change and scholarships. AABE encourages industry and community leaders to collaborate and ensure all stakeholders have a seat at the table in Minnesota.

Eastern New Mexico University Foundation: We supported extending components of the Alliance for Minority Participation program at ENMU. This program underwrites scholarships and undergraduate research assistantships among STEM majors.

University of Wisconsin – Eau Claire Foundation: We fund a College of Business diversity scholarship and peer mentoring of students in STEM and health science programs. Early mentoring, for first-year students and beyond, helps students succeed and graduate from challenging programs such as chemistry and biochemistry, which are popular majors for pre-med students.

Equity Stakeholder Advisory Group: In partnership with the Center for Economic Inclusion, the ESAG brings together community organizations from across the Twin Cities to include the voices of underserved populations on issues before the Minnesota Public Utilities Commission.

The ESAG helps provide guidance on a broad range of energy and workforce diversification programs outlined by the commission, including:

- Enhancing energy affordability.
- Improving customer access to energy efficiency and renewable energy.
- Designing renewable energy programs for low-income and BIPOC customers.
- Creating plans to advance racial and gender diversity in Xcel Energy's workforce.
- Promoting procedural justice by working to incorporate marginalized perspectives and communities in energy decision-making.
- Forming an environmental justice accountability board.





Human Capital Management

We seek to attract, develop and retain the best workforce for serving our customers and foster a workplace where every person is engaged and valued.

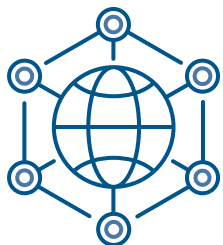
Xcel Energy employees are the driving force behind our company's success. Our workforce strategy is designed to put the best talent in place and create a culture that motivates and inspires employees to lead the way in achieving our clean energy goals and delivering an exceptional customer experience. By partnering with educational and community organizations, we fill our talent pipeline with diverse employees who reflect the communities we serve and embrace our values: Connected, Committed, Safe and Trustworthy.

Our strategic, data-driven approach to workforce and succession planning, modernized HR technology, and best practices in learning and development ensure our enterprise will continue to have the skills and capabilities required to meet the evolving needs of our business, customers and communities.

To attract and retain high-quality talent, we meet the interests of both our organization and workforce with pay-for-performance compensation, holistic well-being benefits, recognition programs and a high-impact performance management system that emphasizes ongoing coaching conversations between leaders and team members.

Governance

The Governance, Compensation and Nominating 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, and working to identify and prepare a strong, diverse pipeline of future leaders. Within Xcel Energy, the chief human resources officer oversees workforce strategy and reports to the CEO.



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[Diversity, Equity and Inclusion Brief](#)

[Workforce Safety Brief](#)

[Corporate Compliance and Business
Conduct brief](#)

[Just Transition Position Statement](#)

[Xcel Energy Careers: \[jobs.xcelenergy.com\]\(https://jobs.xcelenergy.com\)](#)

[Human Rights Position Statement](#)

[Sustainability Report Data Summary](#)

[Global Reporting Initiative Index](#)

Xcel Energy had

11,982 full-time employees

supporting our eight-state service area at the end of 2022, with approximately

42% of our workforce

represented by bargaining units.

Xcel Energy
Employees
by State

Colorado 4,064
Michigan 23
Minnesota 4,902
New Mexico 253
North Dakota 112
South Dakota 98
Texas 1,615
Wisconsin 905
Other 10

Xcel Energy named among Fortune's
World's Most Admired Companies
for the tenth straight year.

Talent Powerhouse: Attract, Grow, Retain

Through our talent management strategy, we aim to become a talent powerhouse, positioning Xcel Energy to attract top talent and successfully compete for candidates in high-demand occupations to build a best-in-class, future-ready workforce. Once onboard, we provide employees with development and training opportunities designed to help them grow in their careers and stay engaged and motivated working for Xcel Energy.

Attracting New Talent and Hiring

Our recruitment programs help attract new employees with the skills needed to serve customers and achieve our net-zero vision. A key tool is the Xcel Energy careers website at jobs.xcelenergy.com. The site features our Employment Value Statement, which sums up our sense of purpose and the type of candidates we're seeking:

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.

We attended 97 in-person career fairs and outreach events and 20 virtual events that let us reach new markets and schools in 2022. We also partner with schools and organizations to hire high school and college interns as part of our work to build a more diverse workforce and inclusive culture. In total, we interviewed nearly 11,300 prospective employees with a 77% acceptance rate from preferred candidates. External candidates filled more than 55% of our open positions.

To support our communities and reduce relocation costs, we focus our outreach on the states we serve. In 2022, 94% of new hires came from within those states.

Our Performance-Based Approach and Talent Development

Performance Feedback

Our performance management program, Connect 4 Performance, encourages frequent and meaningful conversations with team members, rather than traditional year-end annual reviews. Once a quarter, employees and their leaders discuss successes, progress toward goals and professional development plans, their work's impact on the business and how it demonstrates company values.



99%

of non-bargaining employees met with their leaders to discuss job performance and business objectives.

Incentives

Through our Annual Incentive Plan, Xcel Energy's pay-for-performance philosophy acknowledges team members who go above and beyond with cash-based awards and other recognition.

- **Year-End Awards** reward exempt, non-bargaining employees who achieve individual and business area goals and contribute to the company's key performance indicators. Annual KPIs in 2022 reflected our progress toward enhancing the customer experience, keeping bills low, improving reliability and safety, and achieving our diversity, equity and inclusion metric.
- Throughout the year, **I Deliver** and **Innovator Awards** recognize people and teams for specific, significant work that moves the business forward.
- Non-exempt employees who go above and beyond are eligible for **Spot-On cash bonuses**.

Continuous Learning

Learning Central, our online company-wide hub, makes it easy for employees and contractors to access our e-learning, virtual and instructor-led resources. While training is required on topics such as safety, the Code of Conduct and cybersecurity, we also offer multiple opportunities to support individual employee interests and career development.

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



500,000 hours of training completed by full-time and part-time employees in 2022, averaging 35 hours per employee, including training on safety, Code of Conduct and cybersecurity, among other topics.

Learning Opportunity	What It Includes
Internal Training Programs and Learning Opportunities	Nearly 18,000 resources and tools include technical and computer application training, professional and management training, safety and compliance-related classes. To sustain nuclear excellence, we provide classroom, simulator and on-the-job initial and refresher training for 12 accredited programs offered through apprenticeships and the Nuclear Regulatory Commission. For bargaining employees, we offer Line, Substation, Gas and Energy Supply initial on-the-job apprenticeship programs and refresher skills training.
Rotational Career Development Assignments Higher Education Support	High-performing employees can expand their skills and knowledge and learn on the job through cross-functional experiences. Employees view and pursue these opportunities through internal job postings. Tuition reimbursement is offered 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 institutions, up to \$5,250 per year for full-time or \$2,625 per year for part-time employees.

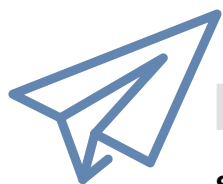
Strategic Workforce Planning

Xcel Energy's average employee turnover in 2022 was 11.2%, with approximately 25% due to retirements, 63% from resignations and the remaining 13% for other reasons, such as unsatisfactory performance, misconduct, severance or death. We project approximately 22% of our workforce will be eligible to retire over the next five years and 33% over the next 10 years. Those projections are incorporated into our five- and 10-year workforce plans.

We take a 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.

Senior leaders regularly receive Human Capital Reports that include employee demographics, performance, headcount and attrition trends within each organization. To inform workforce planning discussions, we perform company-wide analyses that model the effects of different operational scenarios.

We conduct annual talent reviews and comprehensive succession planning for key positions to support business continuity and leadership development goals. Each business area analyzes its key jobs and identifies potential successors based on long-term performance, leadership potential, skills and career aspirations. Nearly 850 leaders and individual contributors were reviewed in 2022, with more than 350 "ready now" successors identified for various company positions. This includes more than 600 potential qualified successors for 217 of our most essential positions.

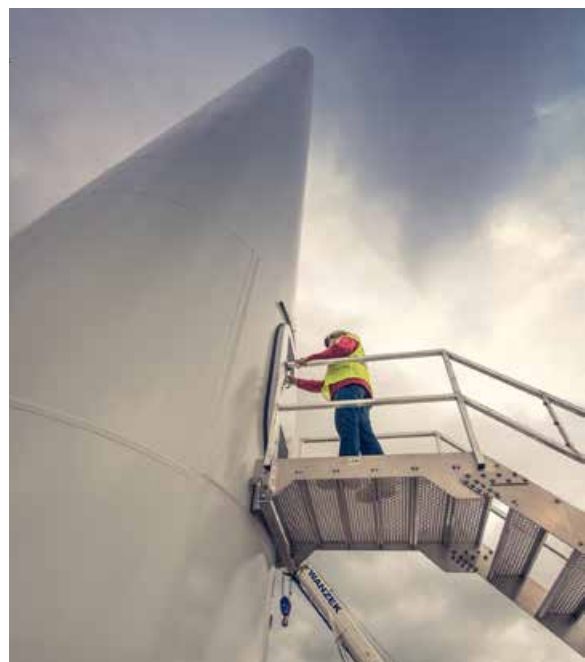


NOTEWORTHY

Support for Employees Impacted by the Clean Energy Transition

Under our clean energy plans, we are retiring coal operations ahead of schedule. That change affects employees who support those operations, along with the communities where they live and work. Xcel Energy is committed to retaining talent and provides support to help employees prepare for other roles at the company. To date, we've closed coal operations at eight plants without forced workforce reductions. Our approach includes:

- **Advanced notice:** We make decisions and announce plant closures years ahead of retirement dates. Employees working at the facilities are among the first to learn about closures, which gives them time to plan for their futures.
- **Career planning and opportunities:** Xcel Energy offers on-the-job training, upskilling or reskilling opportunities and tuition reimbursement. We give impacted employees time to explore potential roles, work locations and new career tracks.
- **Managing transitions:** We also work closely with bargaining unit management to help mitigate impacts to pay or seniority when employees change roles.



Transformative Culture: Inclusive, Innovative, Engaged

We continue to foster a work environment that engages employees and encourages innovation, diversity and inclusion. The right workforce culture is integral to achieving the company's vision and strategic priorities and goes hand-in-hand with our ability to attract, grow and retain the best talent.

Diversity, Equity and Inclusion

We value diversity and recognize the importance of having a workforce that reflects our customers. Along with building a diverse workforce, we promote an inclusive culture—one that fosters collaboration between employees with different backgrounds and experiences. Find details on our initiatives in the Diversity, Equity and Inclusion Brief.

Focus on Leadership

At the heart of our workforce strategy are inspirational and courageous leaders who hold employees accountable for achieving results. We seek to strengthen leader capabilities to drive innovation, empowerment and accountability for their teams. It's part of our larger goal to create a culture of innovation across Xcel Energy.

We offer learning resources, advice and coaching for leaders to continue growing and developing their skills. In 2022, more than 400 leaders at all levels completed at least one core leadership course such as "Six Critical Practices for Leading a Team" or "Coaching in the Moment." Our online Manager Portal offers on-demand resources on more than 30 topics to increase leadership capabilities.

Innovation

One way we celebrate the impact of innovation and engagement is through the Employee Choice Innovator Award. Throughout the year, Innovator Awards are earned by teams that create new, high-impact solutions or processes that result in measurable savings or significant customer benefits. The projects are nearly always cross-functional, meaning they represent the best of what employees can do when they work together to solve challenges. Each year employees vote to select the one project among Innovator Award recipients that offers the most promise and best represents new ideas that can lead to transformative outcomes. Through the voting process, the Employee Choice Innovator Award raises awareness for new ideas being proposed by different parts of the company and promotes innovation within our workforce.

Employee Listening and Engagement

Since launching in 2019, our Employee Listening Initiative has included annual employee engagement surveys plus feedback during onboarding for new employees and the exit process when employees leave the company. All bargaining and non-bargaining and full-time and part-time employees, as well as interns, are invited to participate.

The fall 2022 engagement survey had a 74% participation rate and generated feedback on 31 work culture topics and more than 25,000 written comments. Senior leadership commits to reviewing all employee comments.

The annual survey seeks to provide a clear and transparent view of our workplace culture. We make companywide results available to all employees to show where we're strong and where we need to improve.

Engagement remained consistent in 2022 at an overall score of 73, and two points below benchmark. Participation increased 6%.



Strengths included:

- My safety is a priority for Xcel Energy.
- I understand how my work contributes to Xcel Energy's success.
- I am satisfied with my ability to choose when and where I work.
- I am encouraged to find new and better ways to get things done.
- I have ongoing conversations with my manager about my performance.

Opportunities for improvement include well-being, connection and customer focus.

Leaders across the company are encouraged to share team results with employees. Together they can brainstorm and identify one or two priority items to work on. Through the year, leaders are advised to check in with their team members, asking whether they see an impact, making connections between their work and survey results, and telling them when something changes because of survey feedback.

Holistic Well-Being Strategy

Our "Life Fully Powered" strategy allows employees to be their best selves at home, work and within the community. This includes access to resources for physical, emotional and financial health, provided through digital and virtual channels and in person, so employees and their families can find the information and care that best meets their needs.

Physical Well-Being

We offer a spectrum of health benefits for bargaining and non-bargaining employees and dependents, including programs to encourage preventive care and healthy lifestyles. It includes*:

- High Deductible Healthcare Plan with pretax Health Savings Account.
- Dental plan with subsidized basic and enhanced options.
- Optional vision plan.
- 24/7 access to online or telephone visits with a care provider.
- Fitness center reimbursements, wellness coaching, tobacco cessation, weight management, diabetes management and flu shots.

We are always searching for innovative ways to help our employees stay healthy and deal with life-impacting issues. Two that were introduced recently:

- RecoveryOne offers digital physical therapy. Its convenience encourages participants to stick with their programs.
- Livongo offers technology and coaching to help Type 1 and 2 diabetics manage their disease. At no cost to users, members receive an advanced blood glucose monitor, testing supplies and real-time support for out-of-range readings.

Emotional Well-Being

Beyond our medical plans, Xcel Energy provides all employees an industry-leading set of resources to support mental health and emotional well-being. Employees can access all mental health resources through our user-friendly Xcel Energy Emotional Well-Being website available anywhere.

Xcel Energy earned a 2022 silver level designation for Cigna's Healthy Workforce award as well as meQuilibrium's Use of Data award for the company's commitment to overall well-being and mental health.

- **Cigna Employee Assistance Program:** In 2022, we enhanced the EAP with more digital resources and virtual coaching. We addressed health equity by making EAP easier to access for all employees and their families. The change resulted in 9% of employees and family members taking advantage of the program, which was "best in class" when compared to other Cigna clients.

* 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.

- **Brightline:** Brightline also rolled out in 2022 as an extension to our EAP program. It focuses specifically on families with children and teens and offers online resource, coaching and counseling. In the first year, we saw 4.5% of dependents use the program.
- On-demand, virtual wellness resources from vendor partners such as the **meQuilibrium** resilience program and **Sleepio**.

Financial Well-Being

Xcel Energy is committed to support our workforce in building and maintaining financial stability now and in retirement, for both bargaining and non-bargaining employees.

- The Xcel Energy Vanguard 401(k) retirement savings plan and company match enrolls 94% of eligible participants.
- Our defined benefit pension plan is 100% funded by the company and includes a 5% cash balance plan for new employees and legacy formulas for those under previous plans.

While the trend among many employers has been to reduce or discontinue retirement savings programs, we continue to contribute to these plans at market-appropriate levels and partner with employees to help them save for the future.

Progressive Non-Salary Benefits

Programs that help our employees manage their work and personal lives are assessed annually, adding new features to meet changing needs and maintain our leadership position in this area.

What We Offer	Description
Paid Parental Leave	Additional paid time off for new fathers and mothers to bond with a new child in the family, through birth, adoption or fostering, up to four weeks for full-time non-bargaining employees and two weeks for part-time non-bargaining employees.
Adoption Assistance	In addition to six to eight weeks of paid maternity leave, we reimburse eligible adoption expenses up to \$2,000 for full-time and \$1,000 for part-time employees. Available for non-bargaining and bargaining employees, as allowed by their negotiated agreement.
Dependent Care Referral	Help finding local child and elder care providers through our Employee Assistance Program.
Paid Time Off and Employee Assistance Donation Bank	Paid Time Off encompasses traditional vacation, personal-day and sick-day programs for non-bargaining employees. The Donation Bank assists employees who have exhausted their paid time off during a catastrophic event or serious health condition. Eligible non-bargaining employees may donate earned and accrued PTO or apply for donated PTO.
Volunteer Paid Time Off	We provide all full-time bargaining and non-bargaining employees up to 40 hours each year to volunteer during business hours at an eligible nonprofit or educational institution.

What We Offer	Description
Military Time Away from Work	Enhanced policies for employees serving in the National Guard or Reserves. While away, employees are paid the difference between their base pay and base military pay for up to 24 months. They may also use 15 days of military leave during their mandatory two weeks of annual training.
Subsidized Mass Transit Monthly Passes	Discounted mass transit passes for employees in metro Denver and Minneapolis-St. Paul. Encouraging transit supports our goals to improve air quality and reduce carbon emissions.

A Culture of Respect and Freedom of Association

Xcel Energy is committed to uphold 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

Xcel Energy's Human Rights Position Statement confirms our long-standing commitment to the advancement and protection of human rights, 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's Equal Employment Opportunity Policy and Code of Conduct apply to all employees. 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

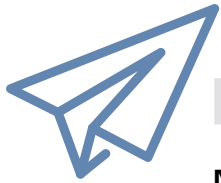
We provide multiple options for employees to report any concerns or grievances about potential violations of Xcel Energy's policies, including the opportunity to do so confidentially. All concerns are formally investigated, tracked and processed through a case management system that provides a comprehensive review of allegations.

Modern Workplace: Flexible, Future-Focused, Safety Always

A modern workplace supports our future-ready workforce and transformative culture. We're creating flexible solutions that allow employees choice in workspace and scheduling and have a commitment to safety that focuses on eliminating life-altering injuries through a trusting, transparent culture and the use of critical controls. As the bedrock of our workplace, we're investing in employee-facing HR technology that's user-friendly while providing the analytics and insights leaders need to make decisions.

Industry-Leading Approach to Employee Safety

Our Safety Always culture is based on the latest research and best practices for preventing serious injuries. Building a culture where team members feel comfortable sharing details about injuries and near misses allows us to learn and collaborate to prevent future events. See the Workforce Safety Brief for more details.



NOTEWORTHY

New Technology Tools for HR Tasks

We are investing more than \$500 million in industry-leading, employee-facing technologies that elevate our work culture, make life easier for employees, and provide more sophisticated data analytics for building and retaining our workforce.

When the transition is complete, outdated legacy systems will be replaced with three cloud-based products, saving time and making the systems easier to use for everyone. All three platforms offer mobile apps for anywhere-anytime access, making them more available to all employees.

- **HR Help/ServiceNow:** Rolled out in June 2022, HR Help moved to the same platform used for technology information and support requests. Questions and service requests can be sent as online tickets or via live chat. In the first nine months of deployment, 135 enhancements were made to HR Help, many based on user feedback.
- **UKG:** Scheduling, time entry and approval, and requesting or tracking time away from work, plus tools for leaders.
- **Workday:** Combines HR data, including employee information, benefits and payroll, with career features such as personal profiles and org charts. Leaders will access team, recruiting and talent management actions, including Quarterly Connections and cascading goal-setting tools.

Scheduled go-live for the two new components is June 2023. HR Help, which launched in June 2022, will be refreshed to integrate with UKG and Workday.

Flexible Solutions and Workspaces

Where job responsibilities allow, employees may collaborate with their leaders to design personal schedules that allow them to split their work weeks between on-site work and telecommuting.

Our hybrid model respects our employees' desire for increased workplace flexibility while also fulfilling the company's goal of in-person collaboration. We are piloting modern workspaces at our largest facilities to encourage collaboration when people are on-site.



Strengthen Communities

Deliver exceptional service and partnership
to help the places we serve thrive



Affordable, Safe, Reliable and Resilient Energy

Every day we deliver on our mission to supply the energy our customers want and value, providing them with 24/7 comfort and convenience.

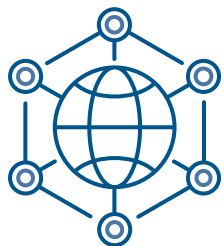
Xcel Energy delivers essential, life-sustaining products. At the heart of our business is our duty to serve customers with affordable, safe, reliable and resilient energy.

In times of rising prices on everything, we work harder to provide energy at the lowest cost. We stand by our customers to help them during hard times, while giving them new tools to take control of their energy use.

We are strengthening infrastructure, upgrading technology and diversifying our energy supply to ensure a reliable, cost-effective mix of resources. Through a more dynamic distribution and transmission network, we're improving reliability while providing cleaner energy to customers. As our systems become more interconnected, we are hardening them against increased risks to protect our information technology, network infrastructure and other assets.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all aspects of operations and operational performance. Within the company, the chief operations officer oversees generation, electric distribution and transmission, and natural gas operations. The chief planning officer is responsible for system strategy and planning. The chief customer officer oversees marketing, customer service and brand strategy, and the chief human resources officer is responsible for safety programs, including public safety. All report to the CEO.



LEARN
MORE

Xcel Energy resource plans: the [Colorado Clean Energy Plan](#), the [Upper Midwest Energy Plan](#) and current plan for our Southwest region.

[Xcel Energy's Wildfire Mitigation Plan](#)

[Leading the Clean Energy Transition Brief](#)

[Environmental Management Brief](#)

[Renewable Energy Brief](#)

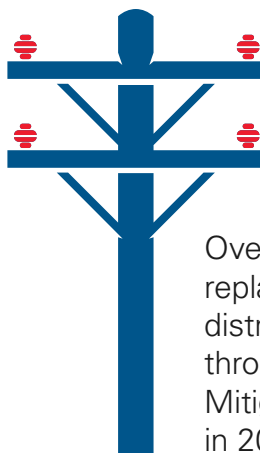


Xcel Energy customer bills for electricity and natural gas remain below the national average.



Customers

had electricity service **98.8%** and natural gas service nearly **100%** of the time during 2022.



Over **3,000 poles** replaced and **100 miles** of distribution line upgraded through our Wildfire Mitigation Program in 2022.

Our Responsibility to Customers

We operate under carefully regulated conditions, determined in part by state commissions that approve 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, transmission, distribution and natural gas infrastructure we will need to serve customers. These plans must be reviewed and approved by regulatory commissions. Stakeholders provide input on the plans through a public process.

In return, we are granted the right to recover our costs and the ability to earn a reasonable rate of return. This profit component is not guaranteed — regulators only give us the opportunity to earn it.

System Resource Planning

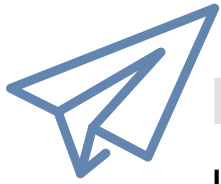
To operate effectively in a closely regulated business like ours, it's imperative that we stay in sync with the current demands of policymakers and our customers.

We are required by some states to regularly conduct a resource planning process for the electric system. While it varies by location, the process generally begins when Xcel Energy files a proposed long-term resource plan with state regulators. They evaluate the plan, and many stakeholders provide input, including large customers, environmental organizations and communities.

The plans assess the overall generating resources we will need to serve customers, plus associated transmission requirements and total load obligations — which are influenced by conservation program goals, among other items.

Once the plan is approved, if it shows a need to add resources, we issue requests for proposals. They may be general or targeted toward specific resources, such as natural gas or renewable energy or projects in a given location. As regulators review and decide, our stakeholders and the public give feedback.

In the past, resource planning has been specific to electric generation; however, new state requirements have expanded the need to develop integrated resource plans for both the electric and gas distribution systems in certain jurisdictions. We look forward to working with state policymakers and customers as we use the planning process to meet customer energy needs and define the energy delivery system of the future.



NOTEWORTHY

Industry-Leading Integrated System Planning

The transition to clean energy and new energy technologies drives greater integration between our electricity and natural gas systems and services. For example, we know demand for electricity will increase as more customers drive electric vehicles or invest in electric heating options — which in turn can increase the need for additional grid investment in distribution, transmission and generation.

In 2022, Xcel Energy established a new centralized integrated system planning organization to deepen the focus on energy delivery systems of the future. It will help chart the course toward our clean energy goals and delivering energy with net-zero emissions by 2050. The Integrated System Planning team provides a cutting-edge platform to plan investments in natural gas, electric generation, distribution and transmission — while improving operational performance and customer service. We expect this innovative approach to holistic planning to transform our systems into the grid of the future.



Affordable Energy

For many consumers, the cost of their monthly bill is their single focus when it comes to energy. We're committed to doing all we can to keep costs low, adding more low-cost renewable energy, securing competitively priced fuel contracts and making our operations more efficient.

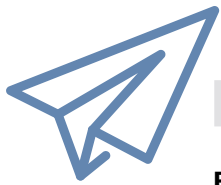
Keeping Energy Costs Low

We are keenly aware of the challenge customers experienced with their energy bills in 2022 after an unprecedented rise in global natural gas prices. Our goal throughout our clean energy transition remains to keep any increase in customer bills at or below the rate of inflation.

With the exception of customer natural gas bills in 2022, we have a 10-year record of meeting this commitment. We expect customer bills to moderate as natural gas prices decreased significantly during the first half of 2023. From 2014 to 2023, our average annual bill increases are estimated to be below the normal 2% national inflation rate, at 1.6% for electricity and 1.3% for natural gas, based on current market prices and weather-adjusted volumes.

We continue to take steps that save customers real money on their bills and reduce exposure to price volatility. These steps include:

- **Carefully managing operating and maintenance expenses:** We kept the growth rate for expenses well below the rate of inflation from 2014 to 2021. While our costs increased in 2022, our goal in 2023 is to reduce operating and maintenance expenses 2% from 2022 levels and keep them relatively flat in the future.
- **Driving efficiency to lower costs:** Expenses were partially offset in 2022 by our XE1 Accelerator, which used targeted process and technology improvements to create sustainable, repeatable change. At the end of 2022, we introduced a natural extension of XE1 — One Xcel Energy Way. The new continuous improvement methodology centers on bottom-up problem solving, identifying quick wins and reducing waste and human struggle.
- **Offering customers ways to save energy:** Over the past decade, we've invested more than \$2 billion in electricity and natural gas conservation programs.
- **Avoiding fuel costs and earning tax credits from renewable investments:** Our geographic advantage in wind and solar generation has saved customers nearly \$3 billion from 2017 to 2022 at company-owned wind farms.



NOTEWORTHY

Expanded Energy Assistance Programs

Xcel Energy is proposing programs to increase support for customers struggling to pay their bills. In spring 2023, regulators approved our proposal to expand the Electric Affordability and Gas Affordability programs in Colorado, which provide bill credit and bill forgiveness to qualified customers. Our plan is estimated to increase total support for income-qualified customers in the state by 375% — about \$47 million annually.

We also filed a request with the Public Service Commission of Wisconsin to create a new program to expand assistance to lower-earning households who need more help to pay their energy bills. This proposal followed months of discussion and coordination with the Citizens Utility Board. It would make Xcel Energy the first utility in Wisconsin to offer a targeted assistance program, increasing total income-qualified support by 50% or an estimated \$5 million annually. Customers who already receive help from the Wisconsin Home Energy Assistance Program would be automatically enrolled in the new program.

In New Mexico and Texas, we've proposed a new supplemental Electric Affordability Program. Qualified Texas customers would receive help with energy bill payments in addition to Energy Share and Give-a-Gift donation-based programs that help pay energy bills for those who need it most. New Mexico customers with high energy burden and the lowest incomes would be eligible for automatic enrollment and supplemental assistance through a percentage-of-income payment plan and arrearage forgiveness.

Customers in Need

We continue to expand outreach to make sure customers are connected to payment plans and energy assistance when they need them. In 2022, we set up nearly 515,000 payment plans and distributed approximately \$216 million in energy assistance from Xcel Energy and other public sources to about 193,000 customers — a nearly 50% increase in funding from 2021 — providing an average benefit per customer of \$1,100. Our Personal Accounts department monitors and assists customers who have medical needs or who struggle to make their monthly energy payments. They help make energy more affordable to income-qualified individuals and families by promoting special energy efficiency programs, arranging payment plans and providing energy assistance resources.

Xcel Energy works with state and local agencies and nonprofits to advocate for low-income customers. Our support includes:

- Public policy and advocacy supporting state and federal efforts to fund Low-Income Home Energy Assistance Programs.
- Funding for state and local energy assistance agencies and weatherization programs.
- Encouraging 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.

Personal Accounts agents are specially trained to help struggling customers find affordable solutions in the most difficult circumstances. Their sole focus is the energy security of our most vulnerable customers, through detailed knowledge of state rules and an extensive network of partners and programs.

We encourage customers in hardship to contact us to develop a payment plan and see if additional assistance is available. In addition to LIHEAP, Xcel Energy has several energy assistance programs for seniors or low-income customers with medical needs. In Colorado and Minnesota, we work with eligible customers to set their bills at affordable levels based on their income and usage. 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. When customers fall behind, 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 2022, we disconnected service to 34,997 residential customers, with service to about 64% of those 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.

Safe and Secure Energy

Keeping people safe around energy is a responsibility we take very seriously.

We have comprehensive outreach programs that promote safe behavior among our customers, communities, emergency responders and third-party workers. Our programs annually distribute thousands of safety materials and use many channels to communicate and share safety messages, including ads, direct mail, events, media, social media and sponsorships.

Public Safety Awareness

Throughout the year, we run public safety campaigns on multiple topics, including four important message areas:

- Contacting 811 before digging.
- Staying at least 20 feet away from overhead electric lines.
- Recognizing and responding to a possible natural gas leak.
- Keeping natural gas meters clear of snow and ice.

We distribute materials such as safety guides, books and newsletters to excavators and to public and emergency officials, in addition to sponsoring and participating in pipeline emergency responder meetings. We encourage specialized audiences to use online resources we sponsor that play an important role in supporting public safety, including:

- Responding to Utility Emergencies training information for firefighters and law enforcement. We offer safety presentations and conduct drills for first responders.
- E-SMART Worker for contractors, agricultural workers and others who encounter power lines or natural gas infrastructure as part of their jobs.
- E-SMART Kids for educators and students in Grades 2 through 6.
- Public officials, including emergency managers, city planning and permitting.

Natural Gas Safety

Third-party excavation damage to underground electric and natural gas facilities remains the biggest threat to our natural gas distribution system and public safety. We belong to the Common Ground Alliance, whose initiatives include the national 811 "Call Before You Dig" phone number to have underground utility lines marked for free, in addition to promoting best practices for excavators, locators and facility owners. We are members of one-call centers in states we serve and participate in the newly formed Damage Prevention Institute (formerly the Gold Shovel Association) through CGA. Xcel Energy is also a member of the American Gas Association and uses their damage prevention performance metrics — under which our company has achieved top-quartile performance.

We measure the occurrence of leaks on our system through annual inspections, day-to-day operations and customer reports. We inspect one-third of the system each year, going beyond the regulatory requirement of 20% annually. Identified leaks are prioritized for repair, from tightening joints to full-scale pipe replacements.

We also follow the American Petroleum Institute Public Awareness Programs for Pipeline Operators Recommended Practice 1162 by including information with bills twice a year on staying safe around natural gas.

We are a significant member of the Pipeline Association for Public Awareness and the Distribution Public Awareness Council, in which we hold leadership roles. We participate in state-specific pipeline associations, as well as Minnesota's Community Awareness Emergency Response association.

Cybersecurity and Physical Security

Protecting our critical energy assets from all hazards is a responsibility that demands our constant vigilance and a top priority for Xcel Energy. Critical infrastructure owners and operators face ever-evolving cybersecurity and physical security threats.

We proactively engage with partners to prevent, protect and defend our energy systems from potential cyberattacks.

- To address increasing physical attacks on substations, we continue to enhance current physical security protections and develop future hardening efforts. These include strategic planning for diverse load on the system, preventing increased intentional attempts at damaging infrastructure, and the use of innovative mobile technology to ensure resilience of our systems.
- A cross-functional team is implementing Transportation Security Administration mandates to harden our natural gas system. While much of the work was already underway, the TSA directives allowed us to move more quickly on the project to mitigate risks posed by adversarial nation-state interest in the utility sector.
- Our Corrective Action Program 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 for trend analysis and assist in our continuous improvement efforts. We also continue to make improvements related to multifactor authentication and industrial control system security.
- Xcel Energy's strong culture of security includes programs to help employees understand current threats, identify attempts to attack our systems and contribute to our risk mitigation efforts. Through training and testing, employees increased their identification of phishing emails, significantly reducing the company's risk. Webinars and biweekly intelligence briefings hosted by our internal threat analysts help them understand the risks we face.

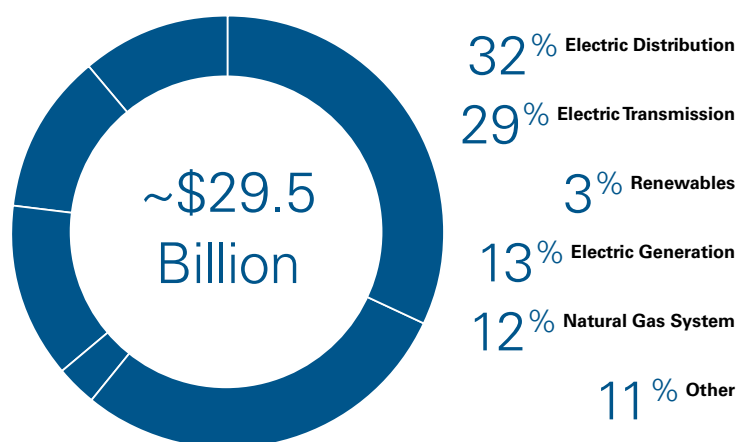
We also engage with our industry peers and government partners to improve security awareness and develop solutions. Our president, chairman and CEO is a member of the Electric Sector Coordinating Council, the principal liaison between the federal government and the electric power sector on critical infrastructure protection. Through the annual national grid exercise, the council focuses 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.

Reliable and Resilient Energy

In the last two decades, we've made steady progress integrating carbon-free resources while maintaining our focus on reliable and resilient service and keeping customer bills as low as possible.

Over the next five years, we plan to invest more than \$29 billion in projects that increase our renewable energy ownership, build out the transmission system, maintain and strengthen grid reliability and resiliency, enhance security, support charging infrastructure for electric transportation and offer new options to customers. The infrastructure investments we make today will be used tomorrow to enable carbon-free electricity, zero-carbon transportation and net-zero gas service for customers.

Xcel Energy's Capital Forecast 2023 to 2027*



*The forecast does not include potential incremental investment of \$2 to \$4 billion for ~3,500 megawatts of proposed renewable energy additions under the Colorado and Minnesota resource plans and transmission associated with the Colorado resource plan.

Electricity

We own nearly 21,000 megawatts of electric generating capacity including coal, natural gas, nuclear, hydro, wind and solar power. We also own and operate one of the fastest-growing investor-owned transmission systems in the country, with 110,000 conductor miles, and a vast distribution network of approximately 213,000 conductor miles.

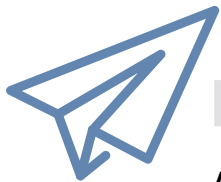
- We're transitioning our generation and power purchases to carbon-free resources to deliver a clean energy future. We're exploring and beginning to incorporate new technologies, such as large-scale batteries and hydrogen as a clean fuel for distribution and generation.
- Under our two marquee transmission projects, Colorado's Power Pathway and the Minnesota Energy Connection, we will build about 740 miles of new line, representing \$2.7 billion in investment.
- We're hardening the energy grid to withstand changing weather, improving vegetation management and implementing wildfire programs.
- We experienced a 43% increase in storm hours worked in 2022. Despite that, when our customers needed us most, we restored 94% of our customers within 24 hours of major storm events, continuing to outperform the industry standard of 80%.

Natural Gas

Our customers depend on natural gas to heat their homes and businesses. It's a highly flexible and efficient fuel for running furnaces, boilers, water heaters, stoves and other appliances across the colder climates that we serve. With 2,200 miles of transmission and 37,000 miles of distribution pipelines in service, we fuel the homes and businesses of approximately 2.1 million customers in Colorado, Michigan, Minnesota, North Dakota and Wisconsin.

We continue to invest in the system to accommodate customer growth and increased demand for natural gas in our communities:

- For safe and reliable service, we plan to invest more than \$1 billion in projects that tighten and improve our system over the next five years (2023 to 2027) after replacing more than 1,000 miles of pipe since 2012.
- All our transmission pipe is now protected steel and nearly all our distribution pipe is plastic or protected steel. We've replaced all cast-iron pipes and have less than three miles of unprotected bare-steel pipe remaining.
- By upgrading and tightening our system, we not only help ensure public and employee safety but reduce methane emissions.
- In the future, the system will be able to support low-carbon fuel options and advanced technologies on the horizon, like recovered methane, renewable natural gas and hydrogen.



NOTEWORTHY

Advanced Grid Progress

We're installing the latest technology on the distribution grid to ensure reliable, affordable, secure electric service and enable more flexibility for customers. Despite global supply chain challenges, Xcel Energy installed 850,000 smart meters in Minnesota and Colorado by the end of 2022 and plans to add a million more in 2023. Smart meters rolled out in Texas starting in March 2023, and we will launch in Wisconsin before the end of the year.

The smart meter rollout began in 2021 in Colorado. As soon as customers receive their new meters, they can access energy data every 15 minutes and online tools in My Account. This allows them to take action and shift their energy use to off-peak periods before the new interval rates take effect. The first Colorado smart meter customers moved to Time of Use rates in April 2022 and a new wave transitions every six months.

Secure two-way field network communications allow the smart meters to send secure information to Xcel Energy. This improves reliability and reduces outage restoration times, while giving customers new ways to save energy and money. In 2022, we completed the Advanced Distribution Management System, which enables industry-leading grid visibility and control in all six distribution control centers. An advanced application for voltage optimization was the source for 21 megawatts of peak demand reduction and 193.9 gigawatt hours of energy savings for customers last year and led to 114,600 tons of carbon emissions reductions through 2022. New capabilities will also enable integration of battery storage and other distributed energy resources into the grid.

Wildfire Mitigation

As climate conditions have changed, the traditional “fire season” has evolved into a year-round battle against larger, stronger and faster wildfires. Xcel Energy’s comprehensive wildfire risk mitigation program helps protect lives, homes and property from the threat of wildfire.

Our cross-functional Wildfire Mitigation Team works together to support the power grid, build resilience, increase situational awareness and make critical operational decisions quickly and effectively. These include specific protocols to better understand localized threat conditions. We’re using that information to operate our system to reduce wildfire risk and effectively respond to emerging fire events.

Operational processes and community outreach continued to be areas of focus. We further developed the Wildfire Safety Setting process for reclosers that use protection equipment to interrupt the flow of energy to a segment of power line if a fault is detected, such as a tree branch contacting a line. The power line remains de-energized until crews patrol the area and ensure the line is safe to re-energize. New risk modeling software now assists with identifying and prioritizing areas to focus mitigation activities to reduce the risk of ignition. In 2022, we engaged with a partner community to conduct a pilot project that used cameras with artificial intelligence to identify the presence of smoke. This increases situational awareness and provides early detection capabilities for emergency and fire response agencies. We intend to expand on this pilot in 2023.

Since launch in 2019, the Xcel Energy Wildfire Mitigation Program has inspected thousands of miles of transmission and distribution lines, hardened our system through repair and replacement and managed the vegetation around our lines.

In 2022, we:

- Replaced 3,051 distribution poles.
- Upgraded more than 100 miles of distribution conductor in wildfire risk zones and replaced 11,202 fuses, cutouts and arresters.
- Completed more than nine miles of major transmission system rebuilds and corrected 272 high-priority defects.

Our plan will continue to evolve as we evaluate new technologies and complete more inspections and studies. We collaborate and benchmark with the Electric Power Research Institute, Edison Electric Institute, national labs, neighboring utilities and our communities to share lessons learned and best practices. While much of this work takes place in Colorado, all states Xcel Energy serves will potentially benefit.

Vegetation Management

Xcel Energy’s Vegetation Management department uses industry best practices to manage millions of trees across more than 47,000 miles of distribution right of way and more than 20,000 miles of transmission corridors. We achieve our goals in an environmentally sensitive, socially responsible and cost-effective manner. Since 1996, the Arbor Day Foundation has recognized Xcel Energy and predecessor companies as a Tree Line USA utility for our commitment to proper tree pruning, planting and care.

Integrated Vegetation Management, a progressive system of information gathering, helps us develop compliant solutions for controlling vegetation near electric and natural gas facilities.

Some elements of our strategy:

- 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.
- All herbicide products are registered by the EPA and the appropriate state regulatory agency and applied by licensed applicators.
- In Colorado, our Mountain Hazard Tree Program helps us stay ahead of tree mortality from the pine bark beetle to minimize the risk of wildfire ignition.
- Our transmission line program emphasizes the removal of incompatible vegetation and supports establishment of pollinator-friendly plant communities.

Our practices protect both the natural environment and our customers' need for reliable energy. We work with landowners along our rights of way to decide if trees and other vegetation can be made compatible with safety around our electric lines. For our distribution and transmission lines, work is generally performed on a four- to five-year cycle.

Xcel Energy also shares information on sustainable landscaping and responsible tree planting. Strategically planted trees, shrubs and vines shade walls and windows, and channel cool summer breezes toward the house. A well-planned landscape can pay for itself in energy savings in seven to 10 years.





Community Relations and Economic Development

The role we play doesn't stop at keeping the lights on. Communities rely on us to help them navigate their changing energy landscape.

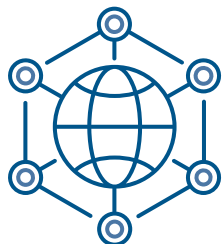
In cities and counties across our eight states, our community teams do the hands-on, face-to-face work of representing Xcel Energy to our neighbors. From day-to-day matters like underground work in local streets, to long-term projects like transmission pathways, they're our boots on the ground at city council work sessions, public open houses and economic development pitches.

We're proposing more change than ever as we pursue our clean energy vision. That means more community collaboration and public outreach to move projects forward. A growing number of cities and towns have set their own clean energy goals and look to Xcel Energy for help meeting them. To help their residents keep bills low, we work together on projects that bring benefits like home weatherization and public EV charging.

We're partnering to power local disaster response with community resilience projects that use energy storage and microgrids to keep the lights on at important facilities. In communities facing the closure of coal-fueled plants, we're working to ensure a just transition for our employees and the local economy. And we're ready to help locate or grow businesses with energy-efficiency incentives, competitive pricing and site-selection expertise.

Governance

The Operations, Nuclear, Environmental and Safety 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, whose presidents are responsible for state-level community relations, economic development, regulatory and government affairs.



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[Community Giving and Volunteerism Brief](#)

[Transitioning Out of Coal Responsibly
Position Statement](#)

[Environmental Justice Position Statement](#)

[Xcel Energy's Economic Development Real
Estate Programs](#)

[Partners in Energy](#)



Economic Value Distributed for 2022 (in millions)

Electric fuel and purchased power costs	\$5,005
Cost of natural gas sold and transported	\$1,910
Supply chain spending on goods and services	\$4,797
Employee compensation, including wages and benefits	\$2,311
Property tax payments	\$508
Franchise fees	\$255
Community giving and volunteerism	\$15.6
Energy and bill payment assistance	\$216
Interest charges and financing costs	\$925
Dividends paid	\$1,012

Public Outreach and Involvement

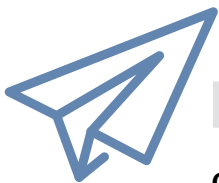
We actively encourage community participation as we plan and site our energy facilities, including meaningful opportunities for people to contribute to energy decisions and investments that may impact them.

In addition to federal requirements, we follow the different permitting and approval processes of the jurisdictions where we operate. For nearly all projects we undertake — wind farms, solar projects, transmission lines, substations or natural gas facilities — we seek public involvement far beyond what state and local jurisdictions require.

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

- **Scoping:** Once a project need is identified, we research the location and gather information about our system, property ownership, demographics, 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, using field visits and one-on-one meetings with landowners, jurisdictions and other stakeholders. Our goal is to gather input, identify issues and build trust. We may host public open houses or form a public advisory group. We use this feedback to refine our plans and narrow the list to our primary or preferred locations or routes. We may share our decisions with the public and seek 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. Additional opportunities for public input depend on each jurisdiction's permitting or regulatory process. We also acquire land rights and may continue working with communities on refinements or mitigation measures throughout construction.

As we work, we keep people informed through direct mail, project websites, newsletters or fact sheets, project hotlines and social media. Our engagement doesn't stop once a facility is constructed, as we check in with neighbors to maintain these important relationships.



NOTEWORTHY

Community Input Helps Guide Minnesota Energy Connection

Under clean energy plans, Xcel Energy has proposed transmission lines that will connect new renewable sources to customers across the Upper Midwest. The Minnesota Energy Connection will link renewable-rich areas in southwest Minnesota to existing grid connections at the Sherco plant near Becker, which will retire by 2030. These transmission assets will enable new renewable energy which will create jobs and bring revenue to landowners and local communities.

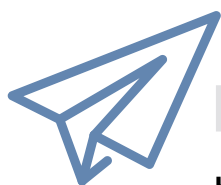
An application for a Certificate of Need to build the project was filed with regulators in March 2023, kicking off the regulatory process. The project team has held many in-person and virtual open house events since fall 2022 including several in spring 2023 that attracted more than 1,300 neighbors, landowners and public officials. Xcel Energy team members appeared before a dozen county commissions and received more than 500 written comments about route options and land-use impacts. Another round of open houses are taking place over the summer, as team members refine route options and prepare the route permit application for filing in fall 2023.

Local knowledge is crucial to make the best routing decisions — and our team reviews all of it. This is high-touch, face-to-face outreach that entails a lot of prep time, travel and work after hours for community relations, siting and land rights, engineering and other professionals. But it's essential to hear from residents and answer questions about how the process works and how renewable energy will benefit all Minnesotans.

A Responsible Transition to Clean Energy

We are focused on a just transition — a sustainable economic shift as we retire all Xcel Energy coal-fueled power plants by the end of 2030. The clean energy transition affects employees and communities that for decades hosted our plants. While every place is unique and requires special attention, our transitions are based on several core commitments.

- **Be proactive, transparent and consistent:** Before announcing closures, we share our plans and potential impacts with employees, bargaining unit management and communities.
- **Provide a long runway:** We make decisions about plant closures and communicate them as far in advance as possible, allowing employees and communities time to plan their futures.
- **Retain talent and support our employees:** We take an enterprise view of current and future workforce needs, consider attrition and take steps to retain talent by helping employees prepare for new positions.
- **Sustain and empower our communities:** Building on long-standing stakeholder relationships, we partner with community leaders, state and local government, economic development groups and local businesses to help maintain a healthy tax base and foster continued economic growth.



NOTEWORTHY

Helping Pueblo Shape its Energy Future

Before we proposed accelerated retirement of Comanche Generating Station, we discussed our plans with area community leaders in Pueblo, Colorado. Their top priority was economic impact, including the loss of well-paying jobs, tax revenue and philanthropic investments.

We included several provisions to support Pueblo as part of our clean energy plan approved by the Public Utilities Commission. The last unit at Comanche will retire no later than Jan. 1, 2031, decades ahead of schedule. Xcel Energy will provide 10 years of payments to Pueblo through 2040 to account for lost tax revenue due to the accelerated retirement of Comanche 3, and will explore locating the unit's replacement power in Pueblo.

A Community Advisory Committee of local business leaders, officials and educators launched in early 2023 to drive an Innovative Energy Solutions Study. The study will look at all aspects of potential replacement generation in Pueblo County, in advance of the Pueblo Just Transition Plan solicitation due in 2025. The solicitation will seek requests for proposals to build new energy resources in the area with focus on carbon-free and low-emissions options.

Other steps to support Pueblo include our partnership with Form Energy to build a 10-megawatt battery array near Comanche that's expected to go online in 2025. The pilot — the size of a football field — will feature iron-air technology that can power 2,000 homes for up to five days and is cost-competitive with electricity from conventional power plants.

When we began discussions to retire Comanche, we worked with EVRAZ Colorado to secure the 300-megawatt Bighorn Solar project to power EVRAZ's arc furnace that makes steel rail tracks. EVRAZ is our largest Colorado customer and one of Pueblo's largest employers. This low-cost energy was critical to EVRAZ's commitment to major expansion and job creation in Pueblo. Xcel Energy purchases the power from Lightsource bp, which developed Bighorn. At 1,800 acres, it's the largest behind-the-meter solar array in the country.

Xcel Energy is engaged with other communities where coal plants are retiring, including Hayden, Colorado, and Becker, Minnesota. Similar to our work with Pueblo, our plans seek to address their unique interests.

Focus on Economic Development

Our Corporate Economic Development team focuses on industry clusters that represent the leading employers and capital investors within our service area. Within these groups, we initiated 40 projects across the eight states we serve in 2022, estimated to create approximately 2,900 jobs and \$1.8 billion in capital expenditures.

To enhance our relationships, we track growth trends in each industry cluster to help identify new service options and programs, building in-depth customer analytics to better understand their needs. We also host business expansion and retention meetings with our key accounts to explore mutual interests that may go beyond energy.

Our real estate programs speed the process of locating a business by offering site options that have undergone a robust and credible certification protocol. We work directly with landowners, developers, municipalities and economic development organizations to complete the process. A nationally recognized site selection expert reviews the reports and validates the data.

Several major business projects chose Xcel Energy certified sites or ready buildings in 2022, including:

- **Pepsi Beverage North America, Denver, Colorado:** Pepsi acquired nearly 152 acres of land for a state-of-the-art, 1.2-million-square-foot manufacturing facility. Set to open in 2023, the new facility will be PBNA's largest U.S. plant, three times the capacity of the current River North Art District plant that has operated since the 1950s.
- **Myplas USA, Rogers, Minnesota:** The South African company aims to recycle nearly 90 million pounds of polyethylene packaging annually at this plant and create 250 jobs. The \$24 million facility, the first flexible film recycling plant in the U.S., plans a summer 2023 opening. A collaborative investment from Target, General Mills and other food and agriculture companies in Minnesota's MBOLD coalition will help create a regional circular economy for packaging materials. We worked directly with the Myplas team on energy incentives and programs.
- **Ascent Aviation, Roswell, New Mexico:** The facility opened in 2022 to serve as a major hub for airline maintenance and repair. Ascent is expanding from its home in Arizona and plans to hire 360 employees with an overall economic impact of \$545 million over the coming decade.

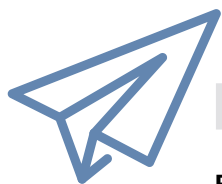
Partners in Energy

Xcel Energy can help local governments reach their sustainability or greenhouse gas reduction goals through our Partners in Energy program, which develops action plans in collaboration with local stakeholders and community officials.

Through this program, we work with communities we serve to identify their energy goals and develop customized plans to meet them. We raise awareness and increase local participation in Xcel Energy's conservation, electric vehicle, renewable choice and payment programs. We provide tools and resources to help communities leverage opportunities like the Certified Renewable Percentage, which lets them claim the full benefit of our increasingly clean energy mix, and our rollout of residential smart meters.

During the program, community stakeholders work with Xcel Energy experts to develop implementation plans that include our portfolio of energy products and services. We provide project management, subject matter experts, and track and report progress. To help build community buy-in and participation, we provide educational events, outreach at local gatherings and promotional materials. Communities have access to our online portal that includes resources to help drive their plan's success. In addition to topics with broad applicability for meeting energy goals, we also share Partners in Energy content to support all communities as they work to communicate information on common questions relating to current utility topics, such as Xcel Energy's smart meter rollout.

Since the program began in 2014, we've worked with more than 50 community teams in Colorado, more than 40 in Minnesota and five in Wisconsin. This includes communities that have returned to the program to update or expand their work. In 2022, Partners in Energy started using its data analysis services to establish a baseline of energy usage, model scenarios and develop roadmaps to hit their goals, incorporating the work Xcel Energy has underway to remove carbon from the grid.



NOTEWORTHY

Bayfield County's Clean Energy Transition

For a small county on the shore of Lake Superior, Bayfield County in far northern Wisconsin has a lot of energy innovation going on, making it a valuable partner for Xcel Energy.

Our first microgrid project in Wisconsin is taking place in Bayfield County and will allow essential services at the courthouse and sheriff's office to keep operating during severe weather. The project combines a microgrid with battery storage, existing solar panels and a back-up diesel generator. Set to be complete in mid-2023, it's part of Xcel Energy's new Empower Resiliency program, offered to large businesses and government agencies that want higher-than-standard service reliability. It also earned a \$273,714 grant from the Public Service Commission of Wisconsin's Office of Energy Innovation.

But the microgrid project is only part of what's going on.

- In 2020, Bayfield County became Wisconsin's first county to power all its county-owned buildings with 100% carbon-free energy. This was accomplished through participation in various Xcel Energy programs, including Solar*Connect Community and Renewable*Connect.
- The state's first public-private Level 3 EV fast charger is installed on the Bayfield Courthouse grounds to support their transition to an all-electric rural bus fleet and provide charging to the public.
- In a county that is 83% forest, Xcel Energy has purchased 1,560 carbon offsets from the Bayfield Forestry Project as part of our goal to reduce greenhouse gas impacts from the use of natural gas. The offsets ensure sustainable timber management, preserve habitat and fund essential county services.
- As part of the statewide Focus on Energy efficiency program, Xcel Energy developed a custom energy-efficiency program with the Red Cliff Band of Lake Superior Chippewa, also located in Bayfield County. As part of this effort, we supported training for several tribal members to become certified Building Performance Institute technicians.

Supporting Community Resiliency

One of the most critical components of emergency response is a stable, secure power supply. In addition to Xcel Energy's new Empower Resiliency program, we're supporting innovative microgrid projects in the states we serve.

Xcel Energy's Community Resiliency Initiative in Colorado supports critical infrastructure during a disaster by using energy storage systems to deliver backup power. Communities applied to partner in the development of battery-based microgrids to supply power during a wide-scale electrical outage. A microgrid system contains multiple generation sources and loads that can either be connected or intentionally separated from the power grid. When not being used in emergency situations, the microgrid assets can be leveraged to supply benefits to the greater power grid.

When complete, the microgrid systems will reduce outage restoration times, provide clean energy jobs and strengthen grid resiliency. We will use them to study the potential value of resiliency-focused energy storage systems on a broader scale.

We've begun installing the systems at six sites across Colorado, connecting lithium-ion batteries to existing solar at the Alamosa Family Recreation Center, Nederland Community Center, Arvada Center for the Arts and Humanities, National Western Center, Denver Rescue Mission and Denver International Airport. Construction at four of the sites is expected to be complete by the end of 2023. Permitting is underway for the remaining two locations.





Community Giving and Volunteerism

Whether delivering energy at all times in all conditions, or pitching in to help our neighbors, service is embedded in our DNA.

By helping to create strong, vibrant and inclusive communities, from the high plains of West Texas to the lakes of Minnesota, we make an impact now and for the future.

Through Xcel Energy and the Xcel Energy Foundation, our charitable arm, we donate millions of dollars. Our foundation giving focuses in three areas — STEM Career Pathways, Environmental Sustainability and Community Vitality — while addressing each community's unique needs and supporting diversity, equity and inclusion. We also address unexpected community needs throughout the year, donating to help communities recover from disasters, such as tornadoes, flooding or wildfires.

We encourage employees, contractors, interns and retirees to give to causes they care about through a suite of programs including volunteer paid time off, a generous matching gifts program and events throughout the year. We provide customers and community members ways to give back, too.

To demonstrate this commitment, the Xcel Energy Foundation increased its giving in 2022, resulting in \$10.2 million in total combined donations from the company and the foundation, up from \$9.48 million in 2021.

Governance

The Xcel Energy Foundation Board oversees charitable giving and volunteer programs. The 10-member board has seven directors and three officers, with Xcel Energy's CEO as chair and president, and includes the group president of utilities and chief customer officer, chief human resources officer and four operating company presidents. They meet yearly to review financial statements and approve the annual budget. The board also sets policy, including matching amounts for employee contributions.



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Xcel Energy Foundation's Focus Area
Giving Report

Community Relations and Economic
Development Brief

Diversity, Equity and Inclusion Brief

Biodiversity and Land Use Brief

Engaging With Our Communities
(xcelenergy.com)

2022 Total Community Giving and Volunteerism

(From Xcel Energy, Xcel Energy Foundation, Employees and Retirees)

PROGRAM	GIVING	BENEFITING
Energizing the Future Grants	\$4.4 million	426 nonprofits

IMPACT

820,000 students participated in STEM learning including 380,000 female learners	8,400 people obtained employment, generating \$260 million in wages	11,300 trees planted, offsetting 7,800 tons of carbon emissions
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PROGRAM	GIVING	BENEFITING
Giving Campaign	\$4.8 million	1,709 nonprofits and United Way chapters in 2022

PROGRAM	GIVING	BENEFITING
Other Giving and Sponsorships	\$2.8 million	826 entities

PROGRAM	GIVING	BENEFITING
Volunteer Time	\$2.2 million*	862 nonprofits

IMPACT

5,629 volunteers	74,432 hours
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PROGRAM	GIVING	BENEFITING
Matching Gifts	\$1.4 million	1,369 nonprofits

TOTAL \$15.6 million*

*Includes the dollar value of volunteer hours based on the Independent Sector's 2022 Value of Volunteer Time.

Xcel Energy Foundation

The Xcel Energy Foundation oversees giving and volunteer programs. Its mission: to use the company's collective knowledge, resources and skills to make a positive impact throughout our service area. Our new framework, Energizing the Future, strategically targets three focus areas:

- **STEM Career Pathways:** Supports programs and services that ensure students have access to equitable and high-quality STEM learning opportunities. Connecting emerging and existing talent to STEM and technical careers is critical to our company's success.
- **Environmental Sustainability:** 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:** Supports programs and services that address economic prosperity, foster arts and cultural expression, and advance inclusion, especially for underserved populations and diverse artists and audiences.

For each focus area, we integrate our commitments to diversity, equity and inclusion. For example, we invest in programs and organizations that improve natural habitats in low-wealth areas, provide free arts and culture offerings to marginalized groups, and support ethnically or racially diverse business leaders.

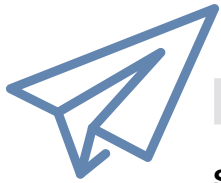
The Xcel Energy Foundation granted more than \$4.4 million to 426 nonprofits that align with our focus areas in 2022.

2022 Focus Area Grants

	Total Awarded	Organizations
STEM Career Pathways	\$1.64 million	151
Community Vitality	\$2.04 million	211
Environmental Sustainability	\$0.73 million	64
TOTAL	\$4.41 million	426

Along with this new giving framework, we are exploring ways to modify funding for larger, strategic partnerships while still maintaining some of the budget for smaller grants; growing our budget to meet new program goals; and updating measurements to support these goals, including DEI integration.





NOTEWORTHY

Strategic Philanthropy

Beyond the work of the Xcel Energy Foundation, our strategic philanthropy seeks to align community giving with our corporate vision, values and strategic priorities. This approach allows projects that originate in business initiatives, using funds from operating budgets, to be recognized as also meeting our philanthropy goals. It fosters internal collaboration to identify these synergies and get the job done.

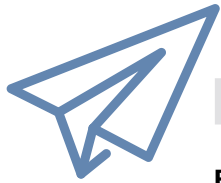
In 2022, \$364,500 was provided for strategic philanthropy initiatives. Among them:

- **Grantee Capacity Building:** We funded training for grantee organizations in all states to learn about board development, grant writing and how to improve their DEI impact. We also sponsored nonprofit associations in Minnesota, Colorado and North Dakota.
- **Carbon Offsets:** Carbon offsets are one solution to achieving Xcel Energy's net-zero goal for its natural gas business. A pilot program supports offset projects that provide local environmental and social benefits in addition to reducing carbon emissions. Three projects in the pilot were funded by strategic philanthropy grants. They will improve the tree canopy in the Twin Cities, restore tribal ownership of forested acres through the National Indian Carbon Coalition, and preserve 15,000 acres of Colorado grassland.
- **Veterans Community Project of Sioux Falls (South Dakota):** Villages of tiny homes provide housing and support services to vets in need. This project reinforces Xcel Energy's commitment to veterans and the Sioux Falls community.
- **Children's Museum of Eau Claire (Wisconsin):** Xcel Energy underwrote the new museum building's Water Works exhibit, which teaches children about conservation, local history and hydropower.

Employee Involvement

We encourage our employees' involvement in their communities with programs including:

- **Volunteer Paid Time Off:** Full-time employees and interns may take up to 40 hours per year to volunteer during the workday at nonprofits or educational institutions. Employees used over 16,500 hours of VPTO in 2022.
- **Dollars for Doing:** The Xcel Energy Foundation contributes \$10 for each hour an employee volunteers at a nonprofit outside of work, up to \$1,000 a year. Employees submitted more than 20,600 hours under the program in 2022.
- **Volunteer Energy:** Groups of employees and retirees who work together on a project are eligible for up to \$1,000 annually that goes to the associated nonprofit organization. In 2022, eligible nonprofits received more than \$82,000 in Volunteer Energy grants.
- **Matching Gifts:** The Xcel Energy Foundation matches dollar for dollar any employee and retiree charitable donations of \$50 or more, up to \$750 per year for nonprofits and \$2,000 for higher education. Employees and retirees contributed nearly \$660,000 in 2022 that the foundation matched.
- **Board Service:** We encourage employees to join at least one board, to advance causes they care about while developing leadership skills. Employees in 2022 gave more than 24,000 hours to over 520 community, chamber and nonprofit boards.



NOTEWORTHY

Employee Choice Grant Expansion

The Employee Choice Grants program allows team members to make a big impact for causes they care about, using foundation grant funds. The program invites employees to nominate a nonprofit. A panel of employees select finalists that align with the company's values and focus areas. Then employees vote for a winner.

The program has awarded more than \$300,000 to nonprofits in our service area since 2015. In 2022, Employee Choice expanded to Wisconsin and Michigan.

After narrowing more than 100 nominations to two sets of 2022 finalists, employees chose:

- A Precious Child, which identifies Denver-area families most in need of services to achieve stability, from crisis response to a workforce program to prepare youth for academic success and self-sufficiency.
- Feed My People Food Bank, which works to end hunger in 14 Wisconsin counties, by collecting groceries that would otherwise be thrown away from manufacturers, wholesalers, retailers and growers.



Giving Campaign

The annual Giving Campaign is Xcel Energy's largest charitable endeavor. With matching funds, we delivered more than \$5 million in pledged support that will go to 1,832 nonprofit organizations in 2023 to help create stronger, more equitable communities.

During the 2022 campaign, employees, contractors and retirees pledged \$2.65 million—12% over goal, with 44% of our workforce pledging, and each state growing year-over-year. Team members contribute to United Way or any 501(c)3 nonprofit. The Foundation matches that amount directly to local United Way chapters—100% for employees, contractors and interns, and 50% for retirees.

An extra \$34,000 flowed to charities through Participation Prize Grant drawings. Three times during the campaign, one employee from each operating region was randomly chosen to donate up to \$5,000 to their chosen cause—from the Great Plains Food Bank of Fargo, North Dakota, to Brothers-Sisters of Our Military (BOOM) Adventures in Amarillo, Texas, and Colorado River Surfing Association.

Day of Service

In September 2022, Xcel Energy employees, family members and friends, retirees and customers turned out for the 12th annual Day of Service. Nearly 3,000 people pitched in to help, including community volunteers in Minnesota and Colorado.

At more than 100 nonprofits in all eight states, volunteers planted 400 native plants and 100 trees, packed 250,000 meals for families, collected 250 bags of trash and more. Remote opportunities remain part of the mix; those who weren't there in person could download the Good Energy Pledge, committing to acts of gratitude and service, and enter a drawing for a grant for their chosen Day of Service nonprofit.

In a time of pinched budgets and short staff, the impact of a volunteer blitz like Day of Service can be profound. The collective value of over 9,000 hours of Day of Service labor is more than \$280,000, based on Independent Sector's 2022 Value of Volunteer Time.





Product and Service Innovation

We're offering customers new tools and solutions to help them achieve their goals and navigate a swiftly changing energy landscape.

Building on more than 30 years of industry leadership in energy efficiency and renewable choice programs, Xcel Energy offers customers hundreds of ways to conserve natural gas and electricity, lower energy bills and reduce their carbon footprints.

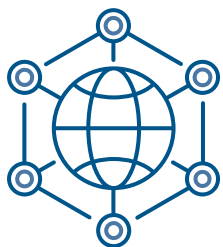
We constantly evaluate emerging technologies and program models, looking for opportunities to enhance our portfolio of energy solutions and anticipate evolving customer needs. Customers rely on the energy we provide for their comfort, security and convenience, but increasingly they want more control and new options for managing and using energy. We are paying attention to the market, listening to our customers and responding with improved solutions.

Customers play a critical role in reaching our company's 2050 net-zero natural gas and zero-carbon transportation goals. To reduce carbon emissions, we're beginning to provide customers with electric heating options and connect them with the ever-expanding electric vehicle market.

Wide deployment of smart meters enables customers to use distributed intelligence to explore, discover and manage their energy use. In the next two years, customers will gain new insights as to how their energy use changes from moment to moment and how it affects their monthly bill. From there, it's a small step to automate their home energy management choices, one-touch ways to optimize renewable energy use, and product suggestions based on household needs and habits.

Governance

The Operations, Nuclear, Environmental and Safety 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.



LEARN
MORE

[Leading the Clean Energy Transition Brief](#)

[Energy Innovation Brief](#)

[Affordable, Safe, Reliable and Resilient
Energy Brief](#)

[Argonne National Lab's GREET Study](#)

[Xcel Energy Certified Renewable
Percentage](#)

2022



**Customers completed
~4.5 million energy
efficiency projects.**



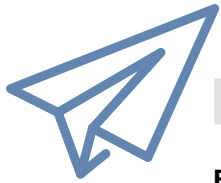
**~290,000 customers
participated in renewable
energy programs.**



**~96,000 electric vehicles
powered in our service area.**



**Customers avoided 2 million
tons of carbon emissions,
equivalent to planting
31 million trees.**



NOTEWORTHY

Empowering Business

Our business customers have energy goals, and Xcel Energy has the experience to help them succeed. Through a portfolio of integrated solutions, the Empower Suite offers customized programs to help businesses be more efficient, meet sustainability goals and reduce costs.

- **Empower Resiliency:** Xcel Energy launched Empower Resiliency in Wisconsin to provide commercial and industrial customers with additional protection against potential power interruptions. Some businesses have an exceptional need to keep their operations running at all times. Empower Resiliency helps them prepare for the unexpected by installing customized microgrids or other resiliency solutions. In early 2023, Xcel Energy began offering Empower Resiliency in Minnesota and is working to expand into more states.
- **Empower Intelligence:** Through Empower Intelligence, our commercial and industrial customers can gain insight into their electric, natural gas and water usage. Available across our eight states, the program provides participating customers with data and analytics to ensure their building programs and controls are fully optimized to save energy and manage costs.
- **Empower Facilities:** Available for commercial and industrial customers in Minnesota, Empower Facilities delivers energy savings through upgraded energy-efficient systems. This turnkey solution provides facility assessments, proposals and flexible funding options for how customers can improve their HVAC, lighting, building controls and other systems. The program's goal is to enable a comprehensive project to significantly lower energy bills.
- **Empower Performance:** We provide electrical equipment testing and maintenance services to increase reliability and reduce downtime through Empower Performance. Demonstration programs are now taking place in Minnesota and Colorado.
- **Empower Sustainability:** With Empower Resiliency, organizations can assess their environmental impact and optimize their journey to greenhouse gas reduction or net-zero energy. It is initially offered as a pilot program in both Minnesota and Colorado.

These programs are only the beginning of our Empower Suite. We continue to pilot and explore more offerings to meet current and future business needs.



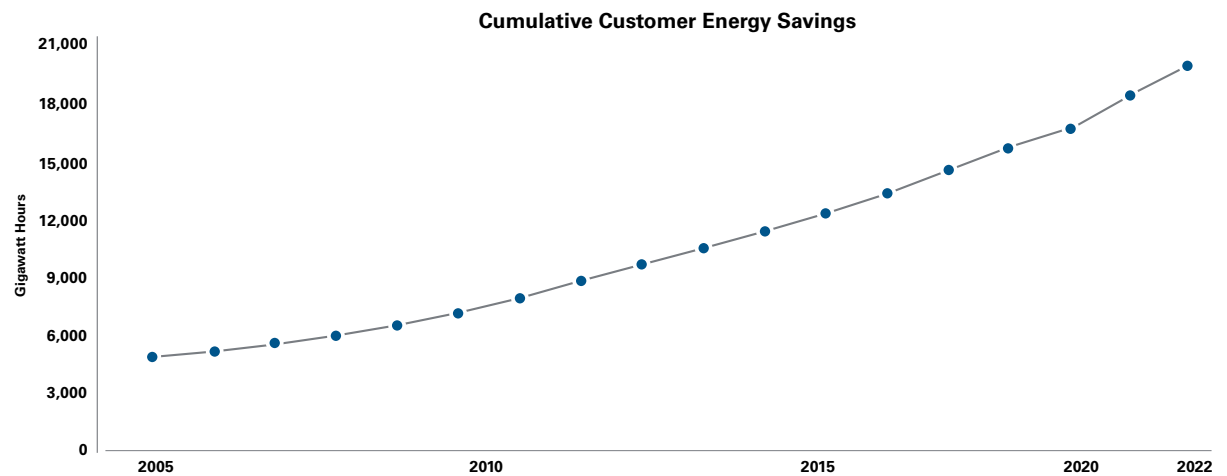
Energy Efficiency

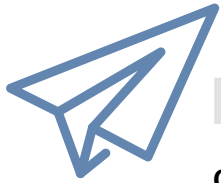
Xcel Energy's portfolio of 176 electric and natural gas conservation programs continued to experience strong customer engagement and growth in 2022.

Our results include:

- \$71.6 million paid in customer rebates and other incentives.
- 4.5 million completed energy-saving projects.
- More than 1,200 gigawatt-hours of electricity saved — enough to power more than 156,000 homes.
- 1.9 million dekatherms of natural gas saved — enough to fuel more than 24,000 homes for the year.
- More than 470,000 tons carbon emissions avoided — equivalent to planting about 7 million trees.

Since 1992, when we began consistently tracking conservation program results, our customers have saved enough energy to avoid building 25 average-size power plants.





NOTEWORTHY

Offering Customers Greater Insight and Control Over Their Energy

If knowledge is power, knowledge of your energy use can be powerful. In the next few years, Xcel Energy will tap its growing network of smart meters and the power of distributed intelligence to help customers understand, control and save money on their energy use.

We envision a future where your wristwatch prompts you to turn off lights you left on at home. You can plug in your EV at 6 p.m. — when peak rates are in effect — because the car knows not to start charging until midnight, when wind energy is high and costs are lowest. An alert pops up on your phone warning that your refrigerator needs servicing or suggesting that signing up for AC Rewards would help lower your energy bill.

Xcel Energy is evolving existing digital customer platforms — MyAccount and My Energy Portal — into one seamless experience. The change begins in late 2023 when we launch My Energy Connection, a new application that delivers interval usage in real time, historical usage and cost data, in addition to energy-saving tools and tips. As more features are added, users will receive more personalized insights including bill forecasts, usage and cost tracking by appliance, program recommendations and appliance alerts. My Energy Connection will be the key resource for energy engagement among Xcel Energy customers.

Smart meters were installed at approximately 850,000 Xcel Energy homes and businesses by the end of 2022, with a million more in four states to be added in 2023. While the change in customer experience is expected to be profound, the company will benefit too — by load shifting, peak demand reduction, lower emissions and increased participation in energy-efficiency, demand response and EV programs.

State Energy Efficiency Programs

Each of Xcel Energy's eight states has its own energy-efficiency programs, regulated by its public utilities commission, with different reporting standards and definitions.

Minnesota	
2022 Approved Savings Goals of 727,035,986 kWh and 995,451 Dth	
Electric Projects	2,073,281
Natural Gas Projects	683,000
Total Spending	\$124,122,908
Electric Savings	607,949,389 kWh
Natural Gas Savings	920,504 Dth

In Minnesota, we offer residential programs that range from prescriptive rebates to in-home services that supply and install energy-efficient materials, plus education to encourage energy-wise behavior. We also offer services and products to help income-qualified customers reduce their energy use and lower their bills.

Our business programs encourage customers to save energy, lower their bills, reduce peak demand and minimize environmental impacts. The portfolio includes prescriptive products focused on common equipment; custom products to encourage savings from unique situations; and studies or educational products that help customers identify energy-efficiency opportunities.

North Dakota

2022 Approved Savings Goal of 12,272 Dth

Electric Projects	88
Natural Gas Projects	1,631
Total Spending	\$321,181
Natural Gas Savings	17,474 Dth

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

South Dakota

2022 Approved Savings Goals of 9,932,524 kWh

Electric Projects	53,063
Total Spending	\$838,836
Electric Savings	8,698,105 kWh

Our portfolio of electric programs in South Dakota encourages residential and business customers to save energy and lower their bills. We offer programs for lighting, load management and educational outreach and continue to work with trade partners to promote our programs.

Wisconsin

2022 Approved Savings Goals of 9,932,524 kWh

Total Spending	\$12,240,452
Electric Savings	50,361,503 kWh
Natural Gas Savings	121,053 Dth

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

Michigan

Total Spending	\$604,984
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We participate in Efficiency United, a statewide program in Michigan that educates residential and commercial customers about energy efficiency and offers cost-effective solutions and rebates for reducing energy use.

Colorado

2022 Approved Savings Goals of 500,000,000 kWh and 799,708 Dth

Electric Projects	921,493
Natural Gas Projects	523,395
Total Spending	\$103,764,700
Electric Savings	462,952,639 kWh
Natural Gas Savings	841,127 Dth

Our Colorado residential programs focus on cost-effective, direct impact products that target household appliances, HVAC and lighting, along with educational services to increase customer engagement in conservation and energy efficiency. We also help income-qualified customers analyze their natural gas and electric consumption, and offer other solutions to lower their energy bills.

We offer a broad portfolio of demand-side management products to meet the needs of commercial and industrial customers of all sizes. It includes prescriptive products focused on common equipment; custom products to encourage savings from unique situations; and studies or educational products that help customers identify energy-efficiency opportunities.

New Mexico

2022 Approved Savings Goal of 56,492,075 kWh

Electric Projects	34,496
Total Spending	\$14,785,400
Electric Savings	61,483,484 kWh

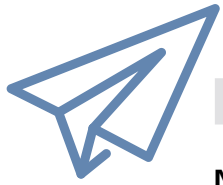
We offer a broad portfolio of programs to meet the needs of business, residential and income-qualified customers in our eastern New Mexico service territory.

Texas

2022 Approved Savings Goal of 10,559,329 kWh

Electric Projects	251,938
Total Spending	\$3,765,299
Electric Savings	18,882,525 kWh

To reduce peak summer electric demand, we offer energy-efficiency programs for residential, income-qualified, commercial and industrial customers in west Texas. Options for businesses include Standard Offer Programs for energy-saving retrofits and load management programs, plus third-party Market Transformation programs.



NOTEWORTHY

New Residential Electric Heating Programs

Achieving our goal to deliver net-zero gas service by 2050 requires encouraging hundreds of thousands of customers to make individual decisions and reduce their carbon emissions. In 2021, Xcel Energy began offering Colorado customer rebates for efficient electric heat pumps and heat-pump water heaters to help them reduce or offset natural gas use in their homes.

We're using what we've learned to strengthen the program and expand it to Minnesota and other states. New federal incentives and tax credits for beneficial electrification are helping build awareness around the benefits of heat pump technology. We're also training HVAC salespeople and installers to increase their knowledge and help customers understand how heat pumps work to lower emissions.

To enlarge the market, Xcel Energy is partnering with U.S. Department of Energy researchers, trade groups and experts across the energy, utility and home comfort industries, and communities including Denver and Boulder. We hosted webinars for residential installers, distributors and manufacturers, and trade allies to help them learn heat-pump-specific best practices.

In the first two years of Xcel Energy rebates in Colorado, customer participation tripled, with more than 1,500 rebated heat pumps installed. We launched a pilot in 2022 to fund heat pumps for income-qualified customers, focusing on multifamily buildings, single-family homes and nonprofits serving these communities. In colder climates, we recommend dual-fuel heat pumps, with an efficient electric heat pump serving most of the load and a furnace as backup for the coldest winter days. The heat pump is used for cooling and for heating in the shoulder months, relying on a natural gas furnace for winter heat. This strategy significantly mitigates the impacts on the grid.

Electric Vehicles

Major car manufacturers — including Ford, General Motors and Volkswagen — plan significant growth in electric transportation by 2030. Xcel Energy is at the leading edge of that trend, with plans that expand our clean energy leadership to transportation, drive electric vehicle sales growth and help keep customer bills low.

Our transportation electrification strategy addresses key customer barriers and facilitates EV adoption with a strong emphasis on intuitive solutions, including:

- Greater customer understanding of their EV options and the benefits of driving electric, through education and advisory services.
- Lower up-front costs through rebates and other programs.
- Incentives to charge at times when low-cost, low-carbon energy is more available, typically overnight.

This benefits the grid and lowers costs for EV drivers and all customers.

EVs offer significant economic and environmental benefits. Under our 2030 vision, EV-driving customers would collectively save \$1 billion annually in fuel savings, while all our customers will benefit from 5 million fewer tons of carbon emitted per year.

We continue to develop and roll out a portfolio of innovative pilots and programs that focus on three main areas:

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

Xcel Energy offers advisory services along with programs for residential and commercial customers, plus Xcel Energy-owned public charging and a portfolio of innovation projects across Colorado, Minnesota, New Mexico and Wisconsin. As of year-end 2022, we've installed nearly 2,400 charging ports for customers, and our EV solutions achieved several major milestones for the year. We grew our network of dealer partners by 51% compared to 2021, sponsored over 5,000 EV ride and drives, and 95% of customers who participate in our flagship EV Accelerate At Home program rated their experience favorably.

Xcel Energy EV Programs

Residential Programs (X = program in market)					
		CO	MN	WI	NM
EV Accelerate at Home	Xcel Energy installs and maintains a Level 2 (L2) charger at a customer's residence for a low monthly fee.	x	x	x	x
Optimize Your Charge	Rewards customers for charging at times that benefit the grid through passive control (i.e., fixed off-peak charging timeframes).	x	x		x
Charging Perks	Rewards customers for charging at times that benefit the grid through active control (i.e., variable charging timeframes).	x			
Charger & Wiring Rebate	Provides a rebate to offset wiring and equipment costs to get set up for L2 charging at home.	x			x
EV Purchase/Lease Rebate	For income-qualified customers only, provides a rebate on the purchase or lease of an EV.	x			
Residential Programs					
		CO	MN	WI	NM
Fleet Electrification Advisory Program	Provides suitability assessment, data analysis and advisory services for commercial fleets.	x	x		x
EV Supply Infrastructure	Provides turnkey design and construction of EVSI (not including chargers) for fleet, workplace, multifamily buildings and community charging hubs.	x	x	x	x
Charger Service	Provides customers the option to rent an Xcel Energy owned L2 charger for multifamily, fleet and workplace applications.	x		x	
Rebates for new construction, small business, and income-qualified and higher emissions communities	Provides rebates for new multifamily construction, for wiring costs and chargers for small businesses, and for IQ- and HEC-qualifying customers to install EV charging.	x			
Residential Programs					
		CO	MN	WI	NM
Xcel Energy Public Charging Network	Provides utility-owned public fast charging, at sites hosted by customers and communities.	x	x		x
EV Accelerate Innovation	Conducts research and demonstration projects related to emerging transportation electrification topics.	x			

Electric Vehicles' Environmental Impact

A battery-powered vehicle is more material- and energy-intensive to produce than its internal-combustion equivalent. However, studies at Argonne National Laboratory found that EVs' lack of tailpipe emissions result in dramatically lower life-cycle emissions compared to gasoline-fueled cars and trucks. According to the Environmental Protection Agency, the emissions impact of the average EV is equal to a gas-powered vehicle that gets 88 miles per gallon — better than the most efficient gas car sold in the U.S. (58 mpg) and far cleaner than the average new gas car (31 mpg) or truck (21 mpg).

Xcel Energy's clean energy leadership increases the benefit. An EV in our service area produces about 55% lower carbon emissions today than a conventional vehicle and, as we continue to shift to more carbon-free generation, we forecast at least 80% lower emissions by 2030.

As more EVs hit the road, manufacturers are intent on addressing the life cycle and disposal of batteries. Federal regulations require an EV's battery to be covered by the manufacturer's warranty for at least eight years or 100,000 miles. Recent estimates predict an EV battery will last 10 to 20 years before replacement, and some can be repaired or repurposed as backup power for buildings and other applications.

Automakers like Nissan, Fiat Chrysler and GM support federal research into battery recycling because it reduces demand for new materials, lowering costs. Emerging companies are focusing on a closed-loop supply chain for EVs, where all used materials are returned and reused for production.

Renewable Choice Programs

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

We introduced our flagship program, Windsource®, back in 1998. Since then, our program offerings have expanded to include options for community solar gardens, customer-sited solar and Renewable*Connect.

Programs Backed by Xcel Energy Renewable Resources

Through Renewable*Connect®, Xcel Energy customers can choose to power their homes or businesses 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 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 is self-supporting through subscription fees, so nonparticipants do not pay more.

To supply the program, Xcel Energy currently purchases energy from the 50-megawatt Titan Solar facility in Colorado and the Odell Wind Farm and North Star Solar project in Minnesota. 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. We plan to increase the size of the existing program in Minnesota in 2023. 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 most of these proposals in 2023.

Third-Party Solar Garden Programs

Solar*Rewards Community® in Colorado was one of the first community solar garden programs in the nation. At the end of 2022, the program had 136 megawatts of capacity from 113 solar gardens. More than 2,000 income-qualified customers now subscribe to a company-owned or third-party solar garden program and benefit from reduced energy bills. In Colorado, these customers are served by a unique partnership of municipalities, community organizations and solar developers on the sites of two former coal-fueled power plants in Boulder and Denver. Xcel Energy owns and operates three solar gardens designed and built by Pivot Energy for a total capacity of 4.5 megawatts. Energy Outreach Colorado, a nonprofit agency that supports consumers who struggle to afford their energy bills, serves as the subscribing agency.

We're developing an additional 8 megawatts which will serve more income-qualified customers. And we plan to release capacity from the 2022-2025 Renewable Energy Plan to more solar gardens dedicated to income-qualified customers and disproportionately impacted communities.

Our Solar*Connect Community program in Wisconsin is fully subscribed. It delivers energy from three solar garden projects in different parts of our service area, including Ashland, Eau Claire and La Crosse. Like Renewable*Connect, incremental costs are covered through subscription fees so nonparticipating customers don't pay extra to make the program available to others. Because of its success in Wisconsin, we also now offer Solar*Connect Community to customers in New Mexico through a resource in Clovis. In Minnesota, Solar*Rewards Community is among the largest community solar programs in the country, with over 860 megawatts of capacity from more than 460 gardens at the end of 2022. However, this solar energy costs two to four times more than other energy sources, and the program currently increases an average residential customer's bills \$40 to \$50 a year. While we operate and support solar development in this legislated program, we continue to engage on policies to lower its bill impacts on nonparticipating customers.

On-Site Solar

As customers continue to install more on-site solar, our popular Solar*Rewards® incentive program helps make their projects more affordable. Across all states, more than 15,000 on-site solar systems were installed during 2022, adding more than 139 megawatts of distributed solar.

To reduce the impact of energy bills for customers struggling to make ends meet, we continue to offer solar installation options for income-qualified households in Colorado and Minnesota. We also launched our latest Solar*Rewards offering in Minnesota in May 2022, providing incentives to income-qualified schools based on solar system size.

Our renewable choice programs reflect Xcel Energy's commitment to meet our customers' clean energy interests.

Residential Programs (X = program in market)										
Program	Description	REC Ownership	MN	WI	ND	SD	CO	NM	TX	MI
Renewable*Connect	A flexible and affordable way to subscribe for up to 100% renewable energy.	Participant	x	x			x			x
Windsource	An easy, low-risk way to subscribe to clean wind energy.	Participant	x				x			
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		x				x		
Solar*Rewards Community	Subscribe to a third-party solar garden and receive electric bill credit payments for the solar energy produced.	All Customers	x				x			x
Solar*Rewards	Install a private on-site solar system and earn an incentive for transferring the RECs to Xcel Energy.	All Customers	x				x	x*		
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	x	x	x		x	x	x	

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

Certified Renewable Percentage

In addition to renewable choices, we 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 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.

Customers automatically receive this benefit just by being an Xcel Energy customer, without enrolling or subscribing to a program. Our commercial customers can include the Certified Renewable Percentage in their 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.



Operate with Integrity

Live our values, govern with
discipline and respect human rights



Corporate Compliance and Business Conduct

A strong ethical foundation and clear corporate culture are central to our vision of being our customers' preferred and trusted energy provider.

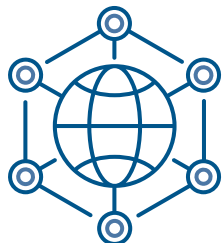
From our employees and contractors to our board of directors and company leaders, we are each responsible to live our corporate values: Committed, Connected, Safe and Trustworthy. Xcel Energy's core beliefs define who we are, how we conduct our business and the importance of our customers, and they guide us in our work and in our interactions with each other.

The focus of Xcel Energy's Corporate Compliance and Business Conduct program is to **Do What's Right: Report What Seems Wrong**.

Our program provides a management system aligned with this culture. Xcel Energy's reputation as an ethical company instills pride among employees and gives customers confidence in us.

Governance

Xcel Energy's Board of Directors oversees the Corporate Compliance and Business Conduct program, with key elements delegated to the Audit and Governance, Compensation and Nominating committees. A strong tone at the top is set by the CEO and executive team, who champion our corporate values. The chief ethics and compliance officer has unfettered access to the board. Our CCBC Council—leaders from every functional area—meet quarterly to ensure information and best practices flow well across the company.



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[Corporate Compliance and Business
Conduct Program 2022 Annual Report](#)

[Code of Conduct](#)

[Supplier Code of Conduct](#)

[Human Rights Position Statement and
Human Capital Management Brief](#)

[Foreign Corrupt Practices Act and
Anti-Corruption Compliance Policy](#)

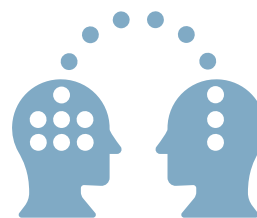
[XcelEnergyComplianceHotline.com](#)



of employees are provided
with and trained annually
on the Code of Conduct

Culture

A set of actions to build
a strong foundation



**Oversight
Policies**

**Communication and Training
Monitoring and Auditing
Discipline and Incentives
Due Diligence
Appropriate Response
Risk Assessment**

Ethical Foundation: Code of Conduct

We have one Code of Conduct that applies to all of us—from executive leaders to part-time workers. The foundation of our success as an organization, it guides everything we do and 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. All employees are responsible for understanding and adhering to the Code of Conduct and signing a statement of commitment. While contract workers and suppliers are not obligated to take Code of Conduct training, they are required to adhere to our Supplier Code of Conduct and as specified in their contracts.



NOTEWORTHY

World's Most Ethical Companies

For the fourth year in a row, Xcel Energy was named one of the World's Most Ethical Companies—135 global companies selected by Ethisphere, a leader in defining and advancing the standards of ethical business practices including sustainability, social issues and governance.

"People look to businesses today to lead on important issues and to do right by all of their stakeholders," said Ethisphere CEO Erica Salmon Byrne. "It takes vision and values to explain your why and create the programs and practices that turn those statements into actions."

The honorees also illustrate the link between values-based leadership and business success. Ethisphere research shows that the "Ethics Index" of honorees outperformed a comparable index of large-cap companies by 13.6 percentage points over the last five years.

Xcel Energy was one of five U.S.-based energy companies to make the 2023 World's Most Ethical list, joining repeat winners like PepsiCo, Intel and Eli Lilly.



Policies, Training and Communications

In 2022, all active employees completed annual Code of Conduct training. The online course was revised to focus on organizational justice, anti-retaliation policies and compliance resources available to all. A sense of organizational justice encourages employees to speak up because they perceive their workplace is fair, provides accountability at all levels and has processes to address misconduct. To increase transparency and employee confidence, the course walks through the steps of reporting and investigation and shares data about the number and types of investigations we conduct throughout the year.

Regular, consistent communications on policies, values and expectations help us do what is right. To make this a part of every employee's day-to-day work experience, we rely on a wide range of channels—from emails, news stories, videos and signage, to roadshows and in-person discussions. In 2022, we migrated to a new policy website that allows better and more targeted searching, plus the ability for employees to ask questions or report concerns. Tracking metrics help us understand what policies attract the most attention, which leads to better communication and more intentional outreach.

Employees are responsible to comply with not only the Code of Conduct, but the many other policies, laws, regulations and expectations that govern our work. Training courses reinforce corporate policies and demonstrate to employees how our values help them work safely and effectively and ensure their actions will protect and enhance the company's brand and reputation.

Our conflict of interest processes reinforce our expectation of employees to be transparent in their relationships and seek guidance to avoid and manage conflicts. In 2022, we expanded the scope of those required to make an annual conflict of interest disclosure to all leaders plus all employees in the supply chain and finance areas.

Keeping policies updated to address changing requirements and emerging issues is another key responsibility of the Corporate Compliance and Business Conduct program. Our Policy on Policies provides the framework for establishing and governing policies, identifies common written components to ensure consistency and clarity, and details the process to adopt and approve enterprise-wide policies.

Reporting, Investigations and Actions

When things don't seem right, employees are encouraged to seek help. We know reporting a potential issue can be difficult, so we offer many options:

- 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. The Hotline also allows employees to ask questions about policies or actions they are unsure about.
- Our Corporate Compliance and Business Conduct Office.
- Legal Services.
- Xcel Energy's Board of Directors.

Employees working at our nuclear 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.



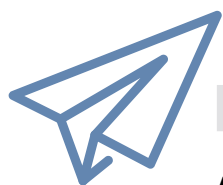
We follow up on reports, conduct effective and timely investigations, take appropriate action and protect employees from retaliation. The Investigations Governance Committee, which oversees this process, includes Xcel Energy's general counsel and chief ethics and compliance officer, chief financial officer, chief audit officer and chief human resources officer.

When concerns are reported through the Compliance Hotline or other channels, the Corporate Compliance and Business Conduct Office assigns the investigation to an appropriate business function, including Equal Employment Opportunity and Employee Relations, Workforce Relations, Legal, Security and Audit. All reports are processed through a case management system that provides the company with a comprehensive view of these cases.

2022 Investigations and Results

We received 2.9 reports per 100 employees in 2022. 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. While we have not yet returned to pre-pandemic numbers of reports, we have seen nearly identical case activity since 2020, with total cases varying by two or three year-over-year. We also note that while the overall substantiation rate was nearly identical in 2021 and 2022, the discipline administered in 2022 was less severe. Specifically, the number of coaching or counseling recommendations in 2022 increased by 50%.

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.



NOTEWORTHY

Anti-Bribery and Anti-Corruption

While Xcel Energy serves customers in just eight U.S. states, the nature of global markets requires us to maintain high standards of business ethics and integrity worldwide. Our Foreign Corrupt Practices Act and Anti-Corruption Policy helps ensure compliance by our employees and representatives with the FCPA and its underlying ethical principles.

Our policy includes commitments to:

- Abide by the laws of any country in which we do business.
- Make only permissible payments.
- Seek legal review for payments and contracts.
- Prohibit foreign political contributions and restrict donations to foreign-based charities.
- Accurately document all transactions with officials, customers and suppliers.
- Maintain internal systems and accounting controls that support compliance with the FCPA and anti-corruption laws of other countries.
- Report violations of internal policy or the FCPA.

Xcel Energy's FCPA Governance Committee oversees the anti-bribery and anti-corruption compliance program, annually reviews the company's policies and practices, and monitors external trends and best practices. In 2022, there were no documented incidents or actions taken under the policy, and the committee concluded the company's program is strong, with low risk of violation.

Enhanced Data Analytics

We use data analytics to prevent, detect and respond to misconduct. We continue to enhance what we measure and how we analyze it, tracking potential areas of concern and providing leaders with a fuller snapshot of their organization's mindsets and performance. For transparency, we make our program's annual report available to the public on xcelenergy.com.

At the beginning of 2022, we enhanced our case management system to track causal factors in investigations (similar to root cause analysis) and add an automated visual intelligence tool for case activity dashboards and trending analysis. We now have better insights to identify areas that need improvement and make action plans. It also gives leaders a more sophisticated view of their teams that will help them prioritize and target training and communication.

Per practice, we completed a compliance maturity assessment by business area. In addition, we completed a cross-cutting risk assessment for the second year in a row. This survey of leaders whose role includes compliance asked them to rate 30 risk areas — including some that fell outside their area of expertise. The results identified and prioritized current or future risks of 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.





Public Policy

We engage in policy and regulatory issues important to our customers' needs and our long-term clean energy vision.

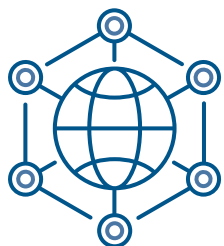
As the energy industry continues to transform, it's essential Xcel Energy participates in the policy developments that determine our future. We aim to share our expertise with policymakers and elected officials to better inform the decisions that impact our business. The issues where we engage are wide-reaching — from customer energy assistance, utility regulation and building codes to nuclear storage and the clean energy transition.

We support public policies that create greenhouse gas emissions reductions while maintaining safety and energy reliability and affordability for customers. Federal infrastructure legislation passed in 2021 and 2022 includes the largest investment in history in climate and energy solutions. In the next decade, these initiatives will invest billions of dollars in research and development, infrastructure, consumer incentives, career education and other programs. These commitments mirror our corporate objectives: to achieve carbon reduction, create clean energy jobs and strengthen our communities.

We're engaged on initiatives that advance zero-carbon 24/7 power technologies and storage, make electric transportation more affordable and easier to use, and improve the cost-effectiveness of appliances and low-carbon fuels. We will need policy to accelerate adoption and streamline each phase, from siting and permitting to installation and operations. To these ends, we discuss issues with regulators and lawmakers on all levels — local, state and federal — and our leaders and experts provide input and testimony. We also participate in trade associations to achieve common goals with like-minded organizations, and influence others 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 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.



LEARN
MORE

[Leading the Clean Energy Transition brief](#)

[Energy Innovation brief](#)

[Xcel Energy's Political Contributions
Policy and contributions report](#)

Trade associations' climate policy pages:

[Edison Electric Institute](#)

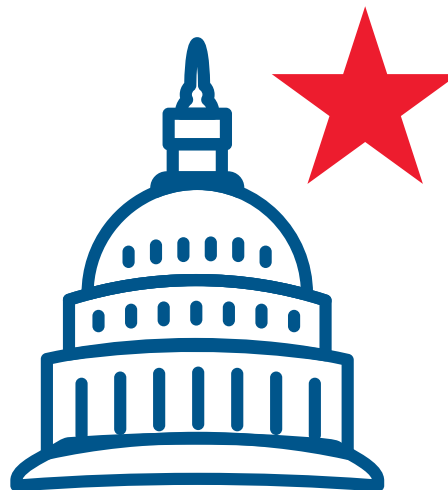
[American Gas Association](#)

[Nuclear Energy Institute](#)

[American Clean Power Association](#)

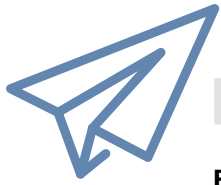
[Zero Emissions Transportation
Association](#)

[Edison Electric Institute's Carbon-Free
Technology Initiative](#)



Committed to Transparency

Xcel Energy first established a Political Contribution Policy in 2007. We also publish five years' worth of contributions reporting.



NOTEWORTHY

Federal Legislation Will Accelerate the Clean Energy Transition

Two recent federal laws are enabling climate and clean energy investments on a timeline and scale not seen before.

The Inflation Reduction Act of 2022 is the most consequential federal commitment to clean energy ever enacted. In total, it provides more than \$370 billion in federal incentives designed to accelerate the transition to a zero-carbon economy, including:

- Long-term, ten-year extensions of tax credits for renewable energy generation, providing much needed policy certainty.
- New credits for energy storage projects like battery systems and pumped storage.
- A new incentive for the production of clean hydrogen.
- Production tax credits to support existing nuclear generation, which provides more than half of our nation's emissions-free power.
- Reinstatement of a production tax credit option for solar energy.
- New incentives for domestic manufacturing of clean energy components and a long-term extension of residential energy credits for efficiency upgrades in customers' homes.
- Significant reforms to the incentives structure to reward the use of domestic products, hiring at the prevailing wage, and reinvestment in historically fossil-dependent communities, among other things.

Xcel Energy is working with our states to optimize IRA funding opportunities to benefit our customers. Through pilot programs, demonstrations and research initiatives, we're advancing these clean energy technologies, building future markets and opening new business opportunities for our company.

The IRA builds off the 2021 Infrastructure Investment & Jobs Act. By spring 2023, Xcel Energy had applied for more than \$1.6 billion in IIJA funding to support projects that would lower customer costs for investments in clean energy and grid reliability and resiliency. They include:

- Two smart grid resiliency projects under our Advanced Grid initiative.
- Our long-duration storage partnership with Form Energy.
- A wildfire mitigation and weather resiliency initiative as part of our Wildfire Mitigation Program.
- Hydrogen hubs in the Upper Midwest and Colorado.
- Joint Transmission Interconnection Queue projects and portfolios.

The IIJA also included \$500 million in supplemental funding for the low-income customer assistance programs known as LIHEAP. In March 2022, congressional appropriations included \$3.8 billion for LIHEAP, representing a nearly decade-long streak of incremental increases.

More details about these projects are in the Affordable, Safe, Reliable and Resilient Energy and Energy Innovation briefs.

State Policy

The states Xcel Energy serves are critical partners in the clean energy journey. Constructive policy is essential to align initiatives with state objectives and to achieve our goals while protecting energy reliability and affordability for customers.

The State of Minnesota's 100% Carbon-Free Initiative

Minnesota Gov. Tim Walz signed a new energy law in February 2023 that requires the state's electricity to be carbon-free by 2040. The bill sets interim goals of 80% by 2030 and 90% by 2035. It also bumps Minnesota's renewable energy goal to 55% renewable by 2035.

The new law allows energy providers to buy renewable energy credits to offset electricity generated from natural gas — or argue for more electric capacity to meet demand for beneficial electrification. The Minnesota Public Utilities Commission could allow delays if a provider shows that meeting the standard would cause rates to spike or jeopardize reliability.

Full delivery of carbon-free electricity will depend on technologies that are still being developed. The electricity Xcel Energy provides customers in the Upper Midwest is already 60% carbon-free. By 2030, we are on track to reduce emissions more than 85% and provide 55% of our electricity from renewable sources — five years ahead of the new state deadline.

Xcel Energy works to align with individual state goals while continuing to focus on our company-wide goal to deliver net-zero energy, including carbon-free electricity, by 2050 to meet all our customers' energy needs.

Colorado Policies Enable Carbon-Free Technology

Many Colorado policymakers agree that we need to advance non-weather-dependent carbon-free solutions, which resulted in supportive policies during the 2023 state legislative session.

- **Geothermal:** New legislation supports tax credits for geothermal electric generation, along with grant funding for community ground-source thermal networks. We are evaluating this heating and cooling solution for buildings as part of our net-zero vision for natural gas and believe it could be a useful solution in meeting the heating needs of our cold climates. This legislation supports our ability to propose community ground-source thermal networks to state regulators for consideration.
- **Hydrogen:** Colorado also enacted hydrogen legislation that supports the Western Interstate Hydrogen Hub. Colorado, New Mexico, Wyoming and Utah are collaborating in the pursuit of U.S. Department of Energy funds for hydrogen project development. The legislation, passed in 2023, provides a pathway for Xcel Energy to propose its anchor project and related components to the Public Utilities Commission for consideration. It also demonstrates to the DOE that Colorado is excited to advance the clean hydrogen economy.



NOTEWORTHY

Colorado Legislation Seeks to Manage Customer Energy Bills

Steep price spikes in natural gas led to higher energy bills over the winter of 2022-23. State legislators in Colorado convened a Joint Select Committee on High Utility Rates to investigate what caused prices to rise and explore potential actions to prevent future price hikes and help customers save money.

Robert Kenney, president of Xcel Energy-Colorado, testified before the committee about the causes of this global price volatility. He detailed proactive actions the company had already taken to help customers, especially low- and moderate-income households.

Senate Bill 23-291 was brought forward by members of the Select Committee and passed on the final day of the 2023 legislative session. As signed by Gov. Jared Polis, the new statute includes constructive changes for our customers and communities:

- Greater ability for Xcel Energy to apply financial and physical hedging strategies, such as such as long-term fuel contracts and natural gas storage, to protect customers against rising natural gas prices driven by global markets and regional energy constraints.
- A leveling mechanism to lessen the impact of gas price volatility, by deferring high fuel costs and collecting them over time, as we did with regulators' approval after Winter Storm Uri in 2021.
- Funding for a natural gas cost causation study, which will look at potential outcomes if the costs of future gas infrastructure were imposed on specific areas where growth is outpacing the state average, including mountain communities, Denver suburbs and northern Colorado.

Carbon-Free Technology Initiative

The power industry leads the country in reducing carbon emissions. Together, we are moving as quickly as technology will allow.

Today's technologies can get us closer to a zero-carbon future, but completing the work will require new 24/7 energy resources that are resilient, reliable and affordable for customers. Federal policies are vital to accelerate the pace 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, the most significant technology initiative the industry has ever undertaken. Through CFTI, we have an opportunity to move even faster, with the right policy solutions that make advancing carbon-free technology a priority.

CFTI successfully influenced the Infrastructure Investment and Jobs Act & Inflation Reduction Act. As Xcel Energy prioritizes which funding areas to pursue under the IIJA, we continue to support CFTI and work with the U.S. Department of Energy on its implementation. We're also collaborating with CFTI members on priority areas for future clean energy technology policy.

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. Associations offer public policy leadership, business intelligence and topical conferences. They provide important government-industry coordination and keep us abreast of developments in safety, security, grid reliability and customer care.

Xcel Energy's Strategy, Security and External Affairs business area coordinates our 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 across the company participate on boards, special committees or working groups that 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. One of the most valuable aspects of our participation is a seat at the table and opportunity to influence others on issues where we may not agree.



The table below describes the climate change positions of our major trade associations.

Organization	Position on Climate Change
Edison Electric Institute	EEl'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. EEl'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	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	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	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 reasserting 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 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. The coalition supports rapid decarbonization in the U.S. transportation sector to net-zero emissions no later than 2050. Its six policy pillars include 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's corporate policy for political contributions ensures 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 use of corporate funds for political contributions in connection with elections for federal offices. When communicating about matters involving the company, they must accurately convey corporate messages and support our 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. Employees can help educate their friends, neighbors and community leaders. We offer several ways to become more involved:

- **Legislative Days:** We host a special day in our jurisdictions for employees to hear from their elected officials and learn more about the legislative process.
- **Local events and meetings:** Employees can represent the company at community meetings and special events.
- **Political Action Committees:** Xcel Energy sponsors seven Political Action Committees organized and run by employees, six at the state level and one federal. Participation in the company's PACs is strictly voluntary, part of the engagement opportunities we offer employees.

Each company-sponsored PAC has a member-elected board that makes contribution decisions. There are no employment benefits based on participation.

2022 Xcel Energy PAC Activity

PAC*	Employees Participating**	Total Employee Contributions to PAC	Total Contributions to Candidates***
Minnesota****	245	\$38,024	\$37,800
North Dakota	265	\$7,438	\$4,900 (additional \$1,500 to campaign events)
South Dakota	215	\$2,112	\$3,650
Texas, New Mexico (SCOPE)	254	\$31,096	\$56,000
Colorado (Western PAC)	220	\$17,113	\$47,450
Wisconsin	253	\$24,715	\$35,750
Federal PAC (XPAC)	304	\$266,785	\$288,724

* 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. Each employee who donates is counted as a member in all of the six 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

Nearly 4,000 suppliers provide the goods and services that Xcel Energy needs to deliver safe, clean, reliable, affordable energy to customers.

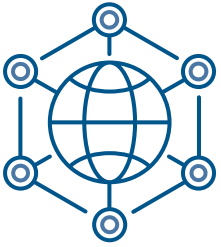
We view our supplier relationships as strategic partnerships in which close collaboration, transparency and shared values benefit everyone — not just Xcel Energy and our vendors, but communities and the environment. In challenging times, strong strategic supplier relationships give us an industry edge, reduce risk and keep our many critical projects moving forward.

Our Supplier Code of Conduct aligns the business practices we expect from vendor partners with our values of Committed, Connected, Safe and Trustworthy. In the next several years, we're seeking to increase our partnerships with diverse suppliers and strengthen the environmental and social criteria already embedded in our procurement processes.

To broaden our impact in local communities, in 2022, 58% of our spending was done with suppliers in the eight states we serve, including small businesses. And we always strive to work with our suppliers to control costs and deliver greater value, ultimately keeping our customers' bills low.

Governance

The Operations, Nuclear, Environmental and Safety 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.



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[Supplier Code of Conduct](#)

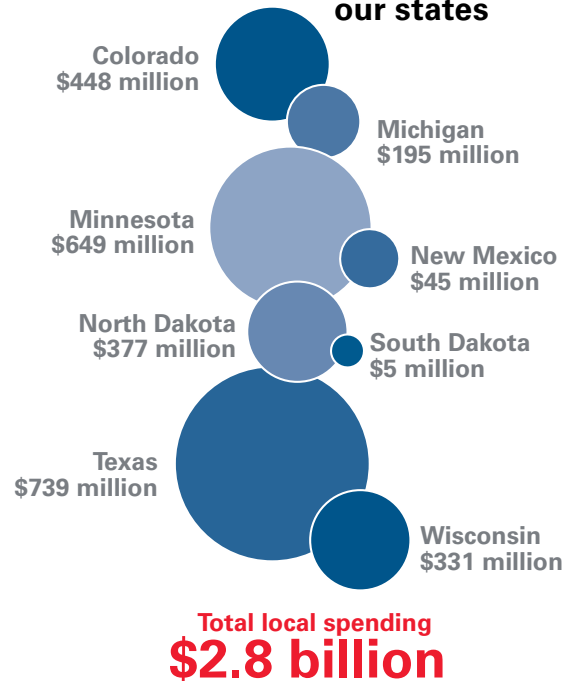
[Supplier Diversity Program](#)

[Human Rights Position Statement](#)

[Diversity, Equity and Inclusion Brief](#)

\$1.2 billion
spent with small and
diverse businesses in 2022,
supporting **11,590 jobs**
and a cumulative economic
impact of **\$2.2 billion** across
the economy.

58% of total spending
on materials and
services went to
local businesses in
our states



Supplier Diversity Program

Our network of suppliers and contractors should reflect our communities and give everyone opportunities to participate and prosper. For decades, we've sought to do business with diverse suppliers, including companies owned by minorities, LGBTQ+, disabled, women and veterans.

Xcel Energy's supplier diversity policy develops and strengthens our relationships with diverse suppliers by:

- Conducting outreach 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.

Over the past five years, we've spent nearly \$2.8 billion with diverse suppliers, including \$548 million in 2022, which represented about 11% of total spending for the year on materials and services.

Breakdown of 2022 Supplier Diversity Spending

\$548
Million

47% Minority Business Enterprise

18% Woman-Owned Business

18% Other

9% Disadvantaged Business Enterprise

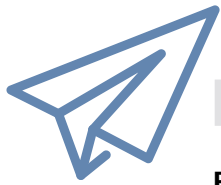
6% Veteran Business Enterprise

1% Service-Disabled Veteran Business Enterprise

<1% LGBTQ Business Enterprise

<1% Historically Underutilized Business





NOTEWORTHY

Raising the Bar on Supplier Diversity

In 2023, Xcel Energy increased its supplier diversity goal to 25% of our spending on materials and services by 2025. We're expanding our diverse supplier network to reflect our communities and increase our economic reach, enhancing our program to make sure more diverse businesses have the opportunity to partner with us. To achieve the new goal, the company is implementing a six-point plan:

- **Leadership Engagement:** Through Xcel Energy leadership, reinforce and drive the message across the business that supplier diversity aligns with the company's values and commitment to DEI.
- **Tier I and II Opportunities:** Increase business opportunities with diverse suppliers through direct Tier I participation and develop a robust Tier II program that identifies and expands subcontracting opportunities with non-diverse prime contractors.
- **Data Metrics:** Leverage technology to improve program management and execution, as well as tracking and reporting.
- **Supplier Development:** Implement a development and mentorship program to grow bench strength and strategic partnerships in underrepresented categories.
- **External Engagement and Partnerships:** Increase involvement with advocacy groups, communities and government organizations to further our commitment to a supplier base that reflects the communities we serve.
- **Communication:** Build momentum by sharing our program highlights, progress and supplier success stories internally and externally.

Our plan builds on ongoing commitments and past successes to take Xcel Energy's Supplier Diversity Program to the next level.

Supplier Diversity Memberships

Xcel Energy is an active member of the Edison Electric Institute's Supplier Diversity Best Practices Group and participates in 22 national and regional business associations and chambers of commerce representing Black, Asian, Hispanic, LGBTQ+, Native American, women, veteran and disabled business owners. Our membership engagement includes board roles, working groups and committees, sponsorship and attendance at national and regional networking events.

Supply Chain Process

Our Supply Chain organization is responsible for all sourcing and procurement of goods and services, and management of materials and fleet. They negotiate contracts for everything — office supplies, contingent staff, capital items for our generation and transmission assets — employing a systematic sourcing method to deliver needed materials and services to the right place at the right time for the right price.

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.

Our spending falls into 35 categories with more than 800 subcategories that are used to determine risk, opportunity and negotiation leverage with suppliers.

Supply Chain Spending Categories

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

Supplier Code of Conduct

Our Supplier Code of Conduct is incorporated into our standard contract language. Just like our employee Code of Conduct, the supplier code outlines requirements associated with our core values and describes expectations around protecting human rights and the environment and working ethically and safely. Until its introduction in 2021, suppliers were expected to follow Xcel Energy's Code of Conduct for employees.



NOTEWORTHY

Strengthening Sustainability

The broader the acceptance of ESG standards, the more profound each company's impact can be. At Xcel Energy, we make clear to suppliers what our sustainability commitments are and encourage them to take a stance and develop their own goals. Many already have, driven by their own interests and input from stakeholders. To reinforce this, we updated our Supplier Code of Conduct to encourage suppliers to develop environmental commitments in line with Xcel Energy's clean energy vision and goals.

In 2022, we introduced a set of questions on our new supplier onboarding form to collect information on over 20 green business, product and real estate certifications, including LEED and Energy Star.

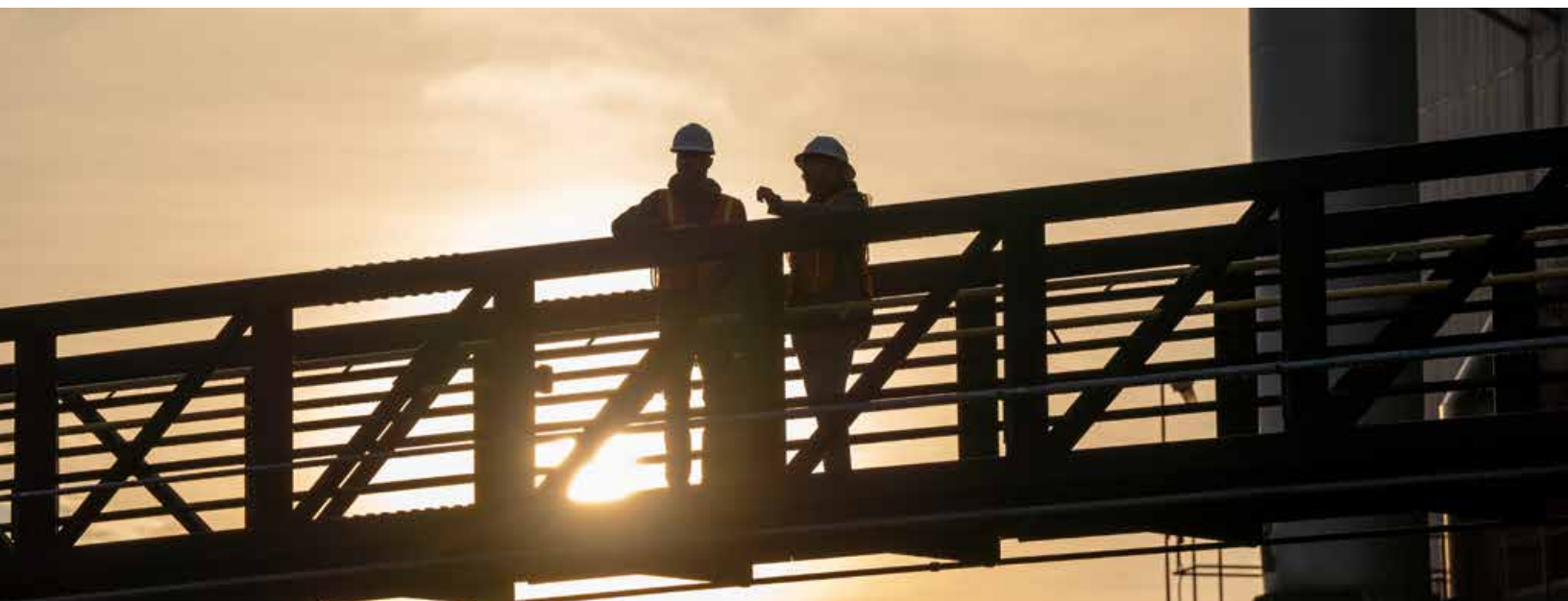
Our teams are looking into the possibility of adding scored sustainability and supplier diversity sections to the company's standard RFx bid scoring documents. If completed, this would influence supplier selection and drive Xcel Energy's supply base to become more diverse and environmentally friendly.



Risk Management

Our assessment and management of supply chain risk is wide-ranging, multi-pronged and aimed at continuous improvement.

- **Supplier Qualification:** We use services such as Dun & Bradstreet to monitor all active suppliers for violations of Office of Foreign Assets Control, Excluded Parties List System and OSHA and EPA standards, as well as criminal proceedings and disaster events. We assess suppliers' financial health, safety and use of diverse subcontractors before contracting with them.
- **Key risk assessments:** We look periodically at categories such as commodity price risk, supply continuity, quality and governance processes. We also design sourcing strategies to minimize potential supply disruptions due to extreme weather or other events.
- **Global risk:** Most of our spending is with American suppliers, but we also do significant work with U.S.-based affiliates of foreign suppliers and a small amount of work directly with foreign suppliers. Our Foreign Corrupt Practices Act and Anti-Corruption Policy helps ensure compliance by our employees and representatives with the FCPA and its underlying ethical principles.
- **Security:** Our Security Vendor Risk Assessment program focuses on exposure to cyber, information and other security risks from suppliers' access to our systems, confidential information and critical infrastructure. This additional level of scrutiny involves a comprehensive test of the supplier's security environment by our Enterprise Security Services team.
- **Safety:** All suppliers that provide services or materials at our sites are required to submit their safety programs and five years of safety-related performance data. Our third-party safety administrator reviews this data and may reject a supplier or require a safety improvement plan. Once a contract is implemented, we continue to monitor suppliers' safety performance.



About This Report

Our sustainability reporting follows well-established standards

Publication Date: June 2023

Reporting Period: January 1 to December 31, 2022

Date of Previous Report: June 2022 (for 2021)

Reporting Cycle: Annual

Report Boundary: Xcel Energy and its four regulated operating companies

Contact Point: sustainability@xcelenergy.com

Xcel Energy has published an annual report on our economic, environmental and social contributions since 2005. Our 2022 Sustainability Report is based on 20 ESG topics we identified as important to stakeholders and our company.

We discuss how we manage those priorities and the progress we're making in topical briefs — similar to chapters. Each brief can be downloaded individually or together as [the full report](#). For more on the 20 ESG topics, see the Sustainability Strategy and Management Brief, which shows how our topics align with the U.N. Sustainable Development Goals and our sustainability commitments.

Xcel Energy continues to base our reporting on Global Reporting Initiative standards, the most widely used and well-established standards for sustainability reporting. Please see our [GRI index](#). In addition, we report disclosures identified by the Sustainability Accounting Standards Board for Electric Utilities and Power Generators and Natural Gas Utilities and Distributors. Please see our [SASB index](#).

Some investors and stakeholders are interested in the Task Force on Climate-Related Financial Disclosures, so we publish a report that responds to TCFD's recommendations, [Managing Risks and Opportunities in the Transition to a Net-Zero Future](#). We also publish a [Sustainability Summary](#) that aligns with the Edison Electric Institute and American Gas Association ESG reporting template.

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 going back to 2005. All these materials are available in the [ESG Document Library](#).

Find our full sustainability report and learn about Xcel Energy's economic, environmental and social contributions at **xcelenergy.com/sustainability**.

