



# The Entrance of Utility Players into the Renewable Energy Arena

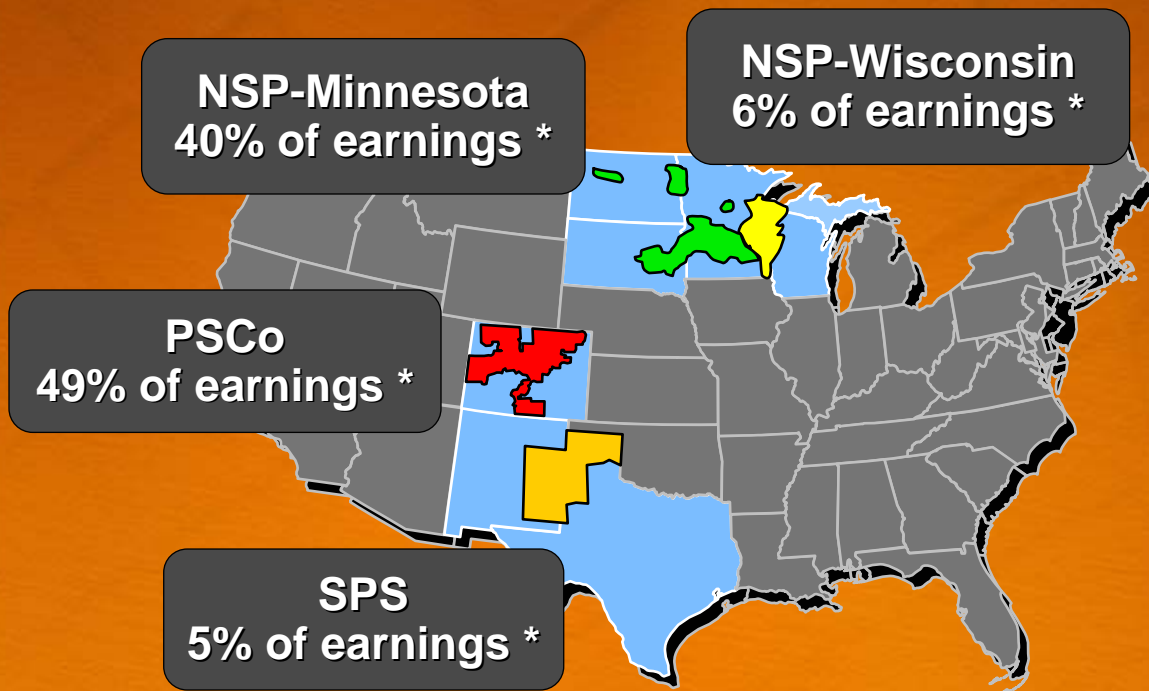
**George Tyson, Vice President and Treasurer**  
**September 18, 2008**

# Safe Harbor

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This material includes forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements include projected earnings, cash flows, capital expenditures and other statements and are identified in this document by the words “anticipate,” “estimate,” “expect,” “projected,” “objective,” “outlook,” “possible,” “potential” and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including the availability of credit, actions of rating agencies and their impact on capital expenditures; business conditions in the energy industry; competitive factors; unusual weather; effects of geopolitical events, including war and acts of terrorism; changes in federal or state legislation; regulation; actions of accounting regulatory bodies; and other risk factors listed from time to time by Xcel Energy in reports filed with the SEC, including Exhibit 99.01 to Xcel Energy’s report on Form 10-K for year 2007.

# Xcel Energy Profile



*\* Percentages based on 2007 Ongoing Earnings*

**2007 EPS Ongoing: \$1.43; GAAP: \$1.35**

**2008 Dividend \$0.95 per share annualized**

## Traditional Regulation

Operate in 8 States

## Combination Utility

Electric 85% of net income  
Gas 15% of net income

## Customers

3.3 million electric  
1.8 million gas

## 2007 Financial Statistics

NI Ongoing: \$612 million  
NI GAAP: \$577 million  
Assets: \$23 billion  
Equity ratio: 43%

# Climate Change: the Disruptive Policy

- ◆ **Public policy and potential legislation highlights the need to address climate change**
- ◆ **Climate change policy will require:**
  - **Significant emission reductions**
  - **Significant capital investments**
  - **Technology transformation**
  - **Plant retirements**

# Carbon Strategy

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- ◆ Reduce carbon emissions from electric service
- ◆ Implement strategy by operating company
  - Minnesota plan: 22% reduction by 2020
  - Colorado plan: 10% reduction by 2017
- ◆ Maintain reasonable rates
- ◆ Ensure appropriate regulatory treatment

# Why We are Positioned for Success

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- ◆ Ability to meet state RPS and environmental initiatives
- ◆ Well positioned for potential Federal climate policy
- ◆ Uniquely able to provide clean energy to customers and hedge against fuel price volatility
- ◆ Renewable portfolio extends the decision time horizon for new base load generation
- ◆ Geographic advantage

# Addressing Public Policy

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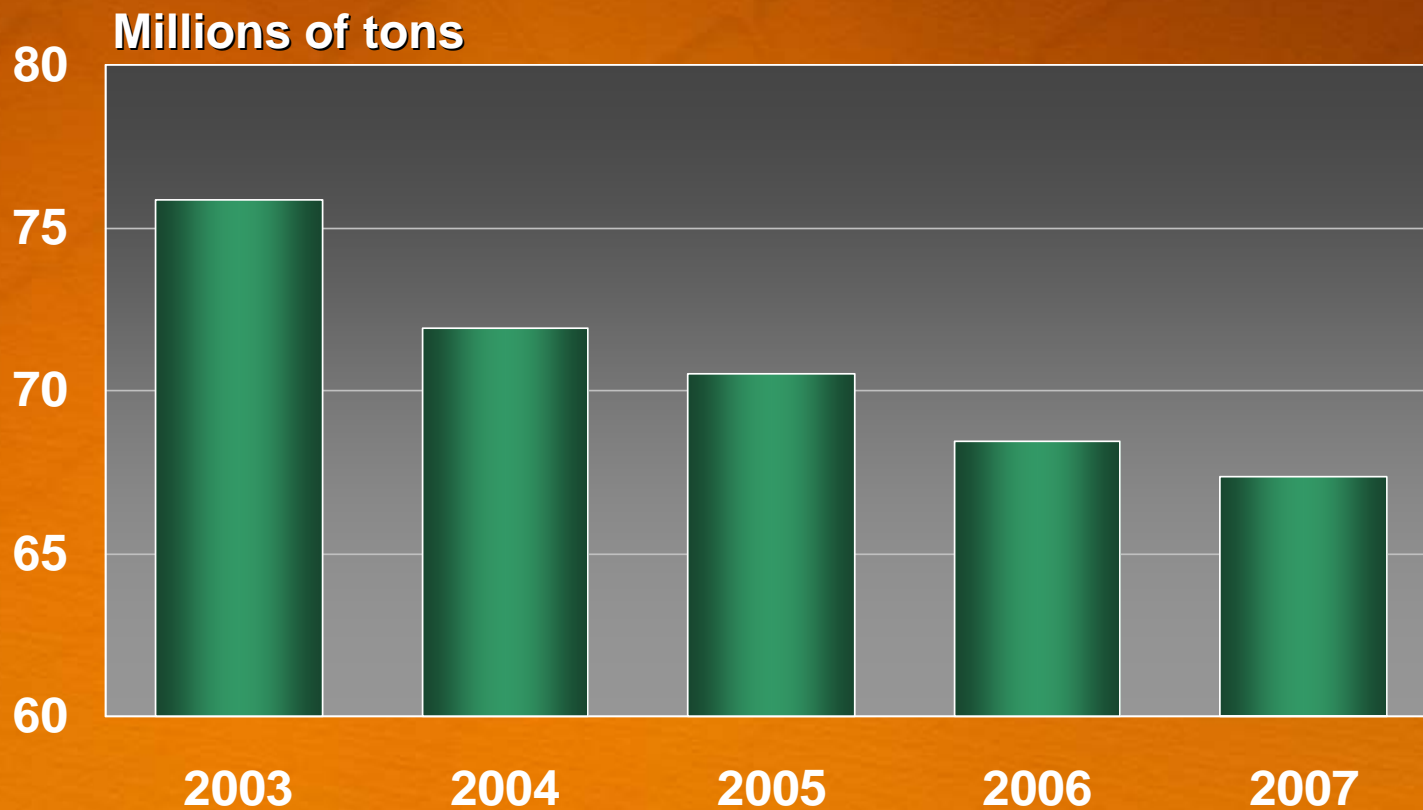
- ◆ **State legislative mandates and goals**
  - **Minnesota:** 30% RPS mandate by 2020  
30% carbon reduction goal by 2025
  - **Colorado:** 20% RPS mandate by 2020  
20% carbon reduction goal by 2020
  - **New Mexico:** 20% RPS mandate by 2020  
10% carbon reduction goal by 2020
  - **Wisconsin:** 10% RPS mandate by 2015
  - **Texas:** 5% RPS mandate by 2015
- ◆ **Expanding emphasis on DSM and conservation**
- ◆ **Emerging Federal climate policy**
  - **If Lieberman Warner Bill had passed:**
    - 21% carbon reduction by 2020
    - 31% carbon reduction by 2030
    - 75% carbon reduction by 2050
  - **Federal climate policy likely in the next administration**

# Clean Energy Actions

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- ◆ Increase renewable energy
- ◆ Upgrade and extend lives of nuclear plants
- ◆ Expand DSM, energy efficiency and conservation efforts
- ◆ Increase investment in transmission
- ◆ Upgrade environmental systems and improve efficiencies of generation plants
- ◆ Replace/repower inefficient generation
- ◆ Evaluate carbon capture and storage

# Reducing Carbon Dioxide Emissions\*

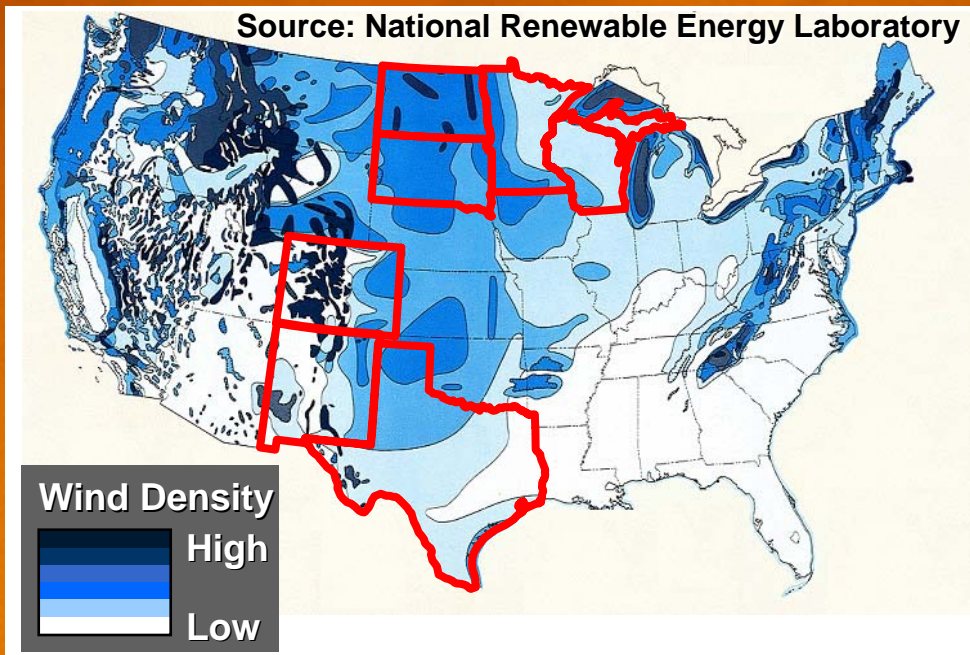


\* Owned-generation carbon dioxide emissions

# Geographic Competitive Advantage

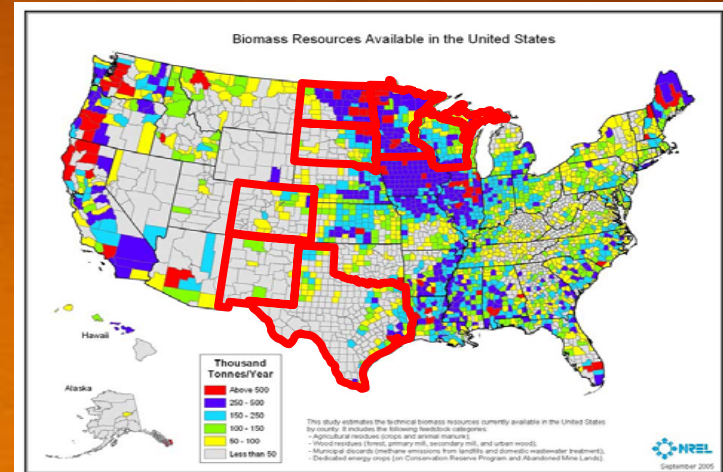
## Wind Resource

Source: National Renewable Energy Laboratory

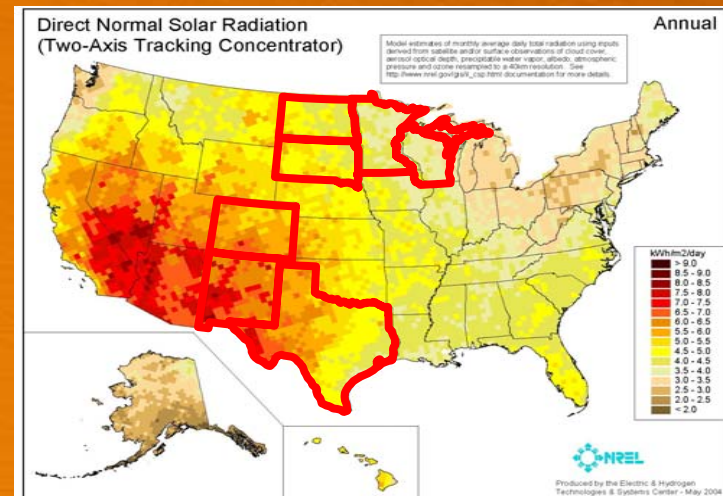


 Xcel Energy States Served

## Biomass Resource



## Solar Resource



# Wind Development

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## ◆ Minnesota

- Propose adding 2,600 MW by 2020 in Resource Plan
- NSP 500 MW Wind RFP in progress
  - Issued December 2007
  - Bids received in March 2008
  - Currently negotiating with bidders

## ◆ Colorado

- Propose adding 800 MW by 2015 in Resource Plan
- PSCo 100-150 Wind RFP in progress

# Solar Development

## Central Solar

- ◆ Alamosa Central Solar Plant 8.2 MW
- ◆ Resource Plan expands solar
  - Current RFP 75 MW
  - Potential RFP's 600 MW



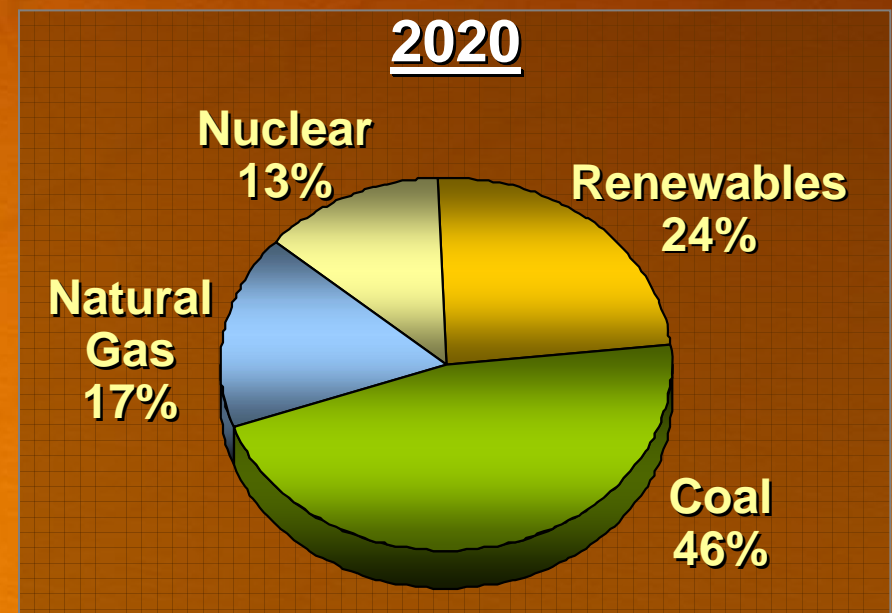
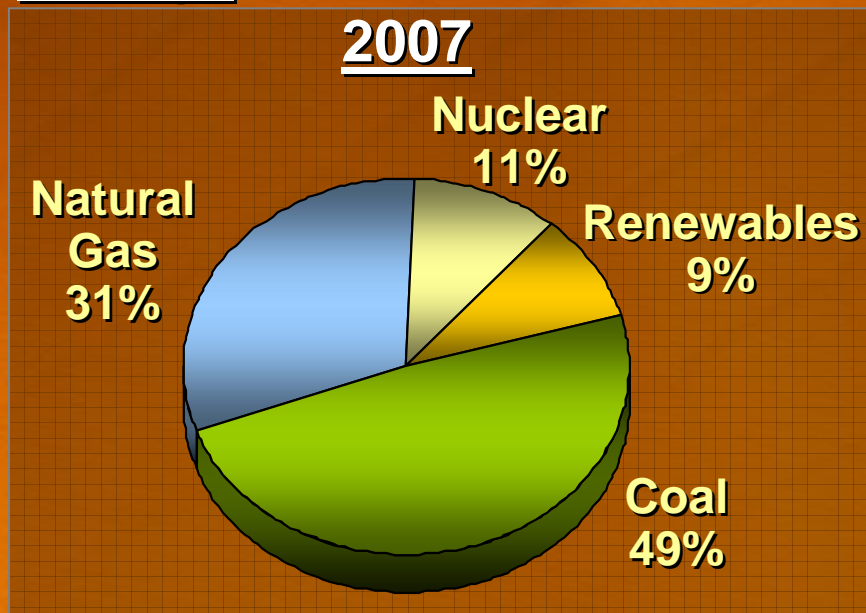
## Distributed Solar

- ◆ Solar\*Rewards
  - 8.5 MW / 1,600+ installations
  - Accepted additional 5 MW for 2009
- ◆ Resource Plan expands solar
  - 63.5 MW Customer-sited by 2015



# Projected Renewable Resources

## Energy



## Capacity

MW	<u>Wind</u>	<u>Hydro</u>	<u>Solar</u>	<u>Biomass</u>	<u>RDF</u>	<u>Landfill</u>	<u>Geothermal</u>
2007	2,700	365	17	182	100	15	0
2020	7,400	400	600	250	60	20	20

