

### MEC/IRP Settlement Agreement

Northern States Power Company, doing business as Xcel Energy ("Xcel Energy" or "Company") filed a petition to acquire the two-unit combined cycle Mankato Energy Center in Docket No. E002/PA-18-702 on November 27, 2018.

Since filing that petition, the Company has been in discussions with Clean Grid Alliance, Fresh Energy, Minnesota Center for Environmental Advocacy, Union of Concerned Scientists, (collectively, the Clean Energy Organizations or "CEOs"), Sierra Club, Center for Energy and Environment ("CEE"), and Laborers District Council of Minnesota and North Dakota (LIUNA Minnesota) regarding a potential settlement involving the MEC docket as well as certain aspects of the Company's upcoming 2019 Integrated Resource Plan (IRP);

The CEOs, Sierra Club, Center for Energy and Environment, LIUNA Minnesota, and the Company have agreed in principle to a partial settlement of Docket No. E002/PA-18-702 and the Company's upcoming 2019 IRP that includes the following terms:

1. The CEOs and CEE will agree to provide written support for the Company's petition to acquire MEC in Docket No. E002/PA-18-702.
2. Sierra Club will withdraw its official March 5, 2019 comments in Docket No. E002/PA-18-702. Sierra Club is not obligated to join the CEOs in support of the Company's petition.
3. The Company will seek Commission approval to retire the Allen S. King plant in 2028 or earlier by including a 2028, or earlier, retirement date for the plant in its preferred resource plan in the July 1, 2019 filing and any updated preferred plan filings in the resource plan docket initiated with the July 1, 2019 filing. The CEOs and CEE will commit to supporting the Company's request to recover the undepreciated balance of the King plant as a regulatory asset through 2037.
4. The Company will include a 2030, or earlier, retirement date for Sherco Unit 3 in its preferred resource plan in the July 1, 2019 filing and any updated preferred plan filings in the resource plan docket initiated with the July 1, 2019 filing. The CEOs and CEE will commit to supporting the Company's request to recover the undepreciated balance of the Sherco 3 plant as a regulatory asset through 2035.
5. The Company will commit to offer Sherco Unit 2 into MISO on a seasonal basis until its retirement in 2023, subject to Commission approval.
6. The Company will include, at a minimum, the "Program Achievable Scenario" level of energy efficiency, which represents an average of 706.4 GWh of savings annually, for 2020-2029 in its preferred resource plan in the July 1, 2019 filing. The Company will consider and evaluate the "Optimized Scenario" level of energy efficiency, which represents an average of

767.7 GWh of savings annually, for inclusion in the preferred plan for the July 1, 2019 filing. The CEOs and CEE will commit to supporting future proposals by the Company to expand the current decoupling pilot to all customer classes or other, similar proposals to calculate rates on the basis of actual sales.

7. The Company will include in the preferred plan the acquisition of at least 3,000 MW of solar generation before the end of 2030.
8. The CEOs, Sierra Club<sup>1</sup>, Center for Energy and Environment, and LIUNA Minnesota agree to support Company ownership for at least 50% of the new solar resources contemplated by paragraph 7 above, and Company ownership of renewable resources subject to an existing PPA, provided the Company can demonstrate that its ownership will result in customer benefits including consideration of environmental impacts including Commission-approved environmental costs.
9. To facilitate the acquisition of the new solar resources contemplated by paragraph 7 above, the Company, the CEOs, Sierra Club, Center for Energy and Environment, and LIUNA Minnesota agree to support an acquisition process where following the conclusion of a bidding process approved or established by the Commission, the Company or its affiliate can propose to build and own resources provided that the utility's proposal is cost-effective and competitive when compared to the prior RFP. The Company will consider local job impacts in the selection of proposed projects, and give preference to proposals that maximize the creation of high-quality construction employment opportunities for local workers, and participation in bona fide registered apprenticeship programs, consistent with the public interest. The CEOs, Sierra Club, Center for Energy and Environment, and LIUNA Minnesota will support the selection of proposed projects that maximize the creation of high-quality construction employment and apprenticeship opportunities, consistent with the public interest.
10. The Company agrees, as part of future IRP filings, to continue to evaluate the economics of MEC for purposes of making forward-looking planning decisions.
11. For all other elements of the preferred plan in the 2019 IRP, CEOs, Sierra Club, Center for Energy and Environment, and the Company agree to continue their work towards development of a consensus preferred plan.


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<sup>1</sup> In Sierra Club's case, references to "support" mean the submission of formal written comments or Sierra Club's formal participation in hearings before the Commission and does not refer to actions by individual members or supporters.

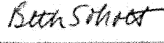
12. Parties to this agreement reserve the right to take positions and advocate for outcomes in the Company's upcoming 2019 IRP that are not inconsistent with the terms specified in this agreement.

**IN WITNESS WHEREOF**, the Parties hereto have entered into this Agreement as of May 1, 2019.

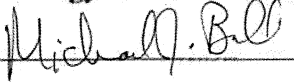
**Northern States Power Company**

By:   
Printed Name: Christopher B. Clark  
Title: President  
Date: May 9, 2019


**Clean Grid Alliance**

By:   
Printed Name: Beth Sohlt  
Title: Executive Director  
Date: May 3, 2019

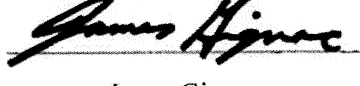
**Center for Energy and Environment**

By:   
Printed Name: Mike Bull  
Title: Director, Policy and External Affairs  
Date: May 3, 2019

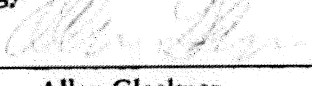
**Minnesota Center for Environmental Advocacy**

By:   
Printed Name: Kevin Lee  
Title: Climate and Energy Program Director  
Date: May 3, 2019

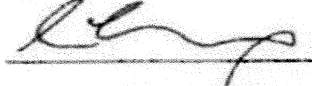
**Union of Concerned Scientists**

By:   
Printed Name: James Gignac  
Title: Lead Midwest Energy Analyst  
Date: May 3, 2019

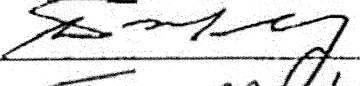
**Fresh Energy**

By:   
Printed Name: Allen Gleckner  
Title: Senior Director, Regulatory Affairs  
Date: May 6, 2019

**Sierra Club**

By:   
Printed Name: S. Laurie Williams  
Title: Staff Attorney  
Date: May 6, 2019

**LIUNA Minnesota and North Dakota**

By:   
Printed Name: Tim Mackey  
Title: President and Business Manager  
Date: May 3, 2019