



NEWS RELEASE

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**Conservation, renewable energy, carbon cuts
featured in Xcel Energy's Minnesota Resource Plan**

MINNEAPOLIS - Xcel Energy today announced plans to reduce greenhouse gas emissions, expand conservation and renewable energy and improve the efficiency of its electricity generation fleet in Minnesota.

"Conservation, renewable energy and carbon reduction are the cornerstones of our plan," said Richard C. Kelly, Xcel Energy's chairman, president and CEO, as the company filed its 2007 Resource Plan with the Minnesota Public Utilities Commission. "We are pleased to propose exceeding aggressive carbon reduction milestones in a manner that creates the least-cost resource mix for our customers."

The plan, which covers 2008 through 2022, describes how Xcel Energy aims to meet renewable energy, conservation and greenhouse gas reduction goals established by the 2007 Minnesota Legislature.

"Xcel Energy fully supports Minnesota's ambitious efforts to reduce greenhouse gas emissions," said Dave Sparby, acting president and CEO, Northern States Power Co.-Minnesota, an Xcel Energy company. "We will accomplish this goal cost-effectively by relying more on wind power and other renewable resources, increasing energy conservation and increasing our reliance on non-greenhouse gas emitting nuclear power.

"Our plan would reduce carbon dioxide emissions by 22 percent from 2005 levels by 2020, a 6 million ton reduction, while pursuing the lowest-cost expansion path, meeting increased customer needs and maintaining system reliability."

Sparby noted that the initiatives outlined in the plan will be on top of efforts already under way to meet other environmentally friendly objectives, such as aggressive mercury-reduction goals.

The plan includes a new forecast that projects a 1 percent annual increase in electricity demand, even as the company works to achieve annual energy savings of up to 1.5 percent of retail electricity sales as required in state law.

Among the plan's key provisions:

Renewables/Wind Power: Meet Minnesota's Renewable Energy Standard, which requires Xcel Energy by 2020 to supply 30 percent of its customers' electricity needs with renewable resources. Meeting the Minnesota standard, combined with renewable requirements in other jurisdictions the company serves, will require Xcel Energy to add 2,600 megawatts of new wind resources to its system by 2020, over and above the 1,300 megawatts of wind resource planned to be on line by the end of 2008. To begin acquiring these resources, Xcel Energy soon will issue a Request for Proposals for ownership of 500 megawatts of new wind power and will continue to move forward on its commitment to develop 500 megawatts of community-based wind resources.

Energy Conservation: Meet Minnesota's energy conservation goals by developing new on-system energy efficiency initiatives designed to make progress toward the overall Minnesota energy efficiency goal of 1.5 percent. The plan assumes achievement of a 1.1 percent annual reduction in electricity consumption on Xcel Energy's Minnesota system, and commits to work to further expand energy-saving initiatives.

Nuclear Power: Obtain license renewals for the Prairie Island plant's two units to accommodate continued operation through 2033 and 2034 and expand capacity at Prairie Island by 160 megawatts and the Monticello nuclear plant by 71 megawatts. "Our analysis shows that re-licensing and continued operation of our nuclear fleet will save customers approximately \$1.1 billion over the 20-year license extension period," the plan states. The Monticello plant's operating license already has been extended through 2030.

Additional New Resources: The plan proposes continuing to operate all existing fossil-fuel resources to the end of their lives and, in some cases, pursuing emissions-reduction or repowering and life extension projects. Among the key proposals are:

- Making environmental upgrades at the Sherco coal-fired plant in Becker, Minn., while expanding capacity by 80 to 115 megawatts. The environmental upgrades will result in a significant reduction in overall sulfur dioxide, nitrogen oxide and mercury emissions from the facility.
- Negotiating and seeking approval of purchases from Manitoba Hydro for 375 megawatts of intermediate and 350 megawatts of peaking resources beginning in 2015.
- Adding approximately 2,300 megawatts of new natural gas-fired generation. Natural gas-fired combustion turbines and combined cycle plants can be started up quickly to provide energy to meet peak system demand and to back-up wind generation, which is only available when the wind is blowing.

"This plan provides a comprehensive overview of the issues we expect to face and actions we must take to ensure continued reliable, economic and environmentally sound service to our customers," Sparby said. "We believe our plan presents information important to state policymakers and introduces a reasonable and effective approach to meeting the needs of our customers. We look forward to engaging stakeholders, regulators and customers in a discussion of these matters."

The plan will be available on Xcel Energy's Web site at www.xcelenergy.com.

Xcel Energy (NYSE: XEL) is a major U.S. electricity and natural gas company with regulated operations in eight Western and Midwestern states. Xcel Energy provides a comprehensive portfolio of energy-related products and services to 3.3 million electricity customers and 1.8 million natural gas customers through its regulated operating companies. Company headquarters are located in Minneapolis. More information is available at www.xcelenergy.com.

This news release includes forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be 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 their impact on capital expenditures; business conditions in the energy industry; competitive factors; unusual weather; changes in federal or state legislation; regulation; risks associated with the California power market; currency translation and transaction adjustments; the higher degree of risk associated with Xcel Energy's non-regulated businesses compared with Xcel Energy's regulated business; and the other risk factors listed from time to time by Xcel Energy in reports filed with the Securities and Exchange Commission.

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