

Regulatory Compliance and Changes to MRES Green Energy Program

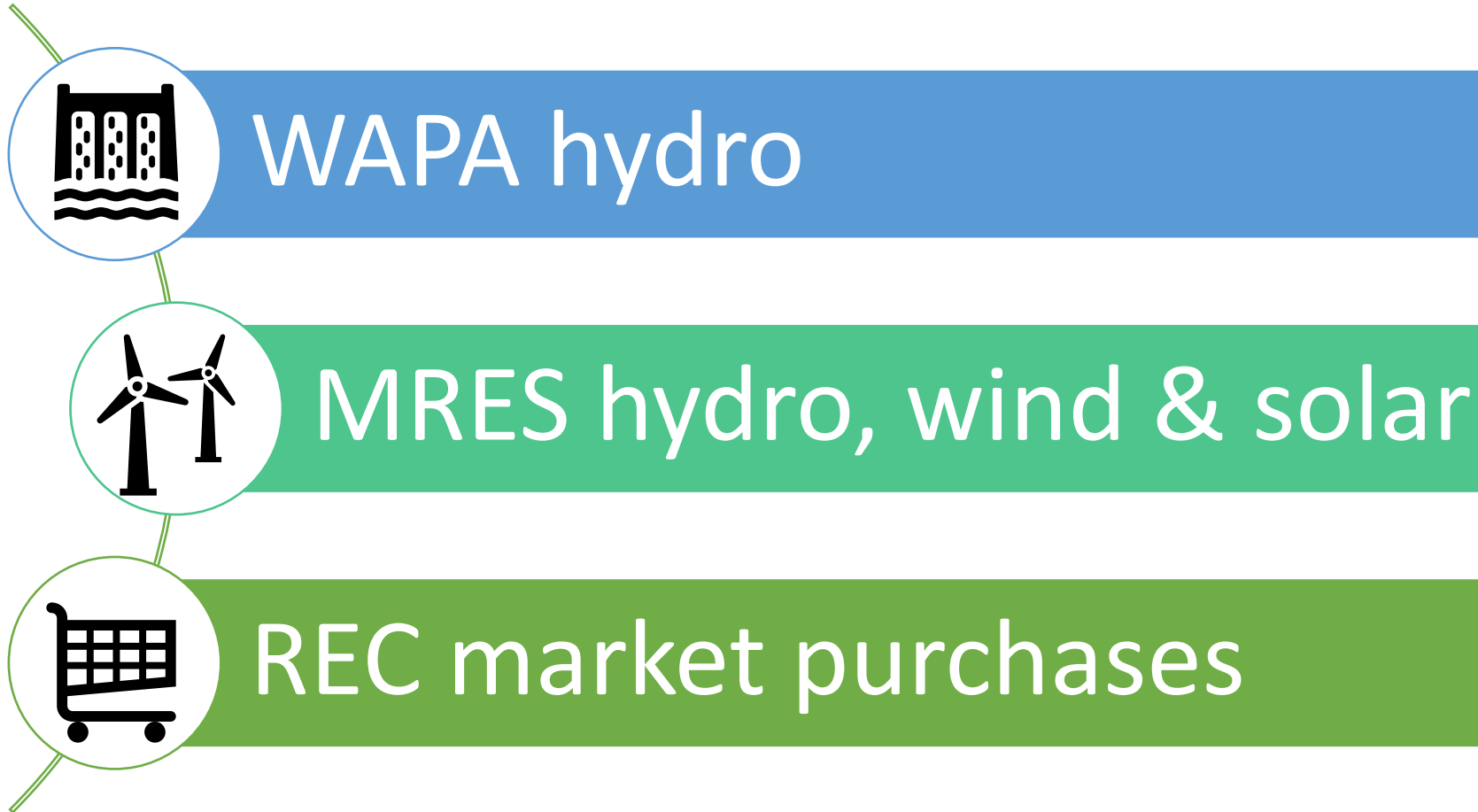
Terry Wolf, VP of power supply & operations
Shannon Murfield, director of energy services
September 24, 2024

Review: What is a REC

- Renewable Energy Certificate
- One REC represents the “environmental attributes” of 1 MWh of generation (not the energy itself)
- RECs are often separated from energy
- RECs are purchased and sold on REC market
- Only REC retirements allow customers to make renewable claims



Review: Where do MRES & members get RECs?

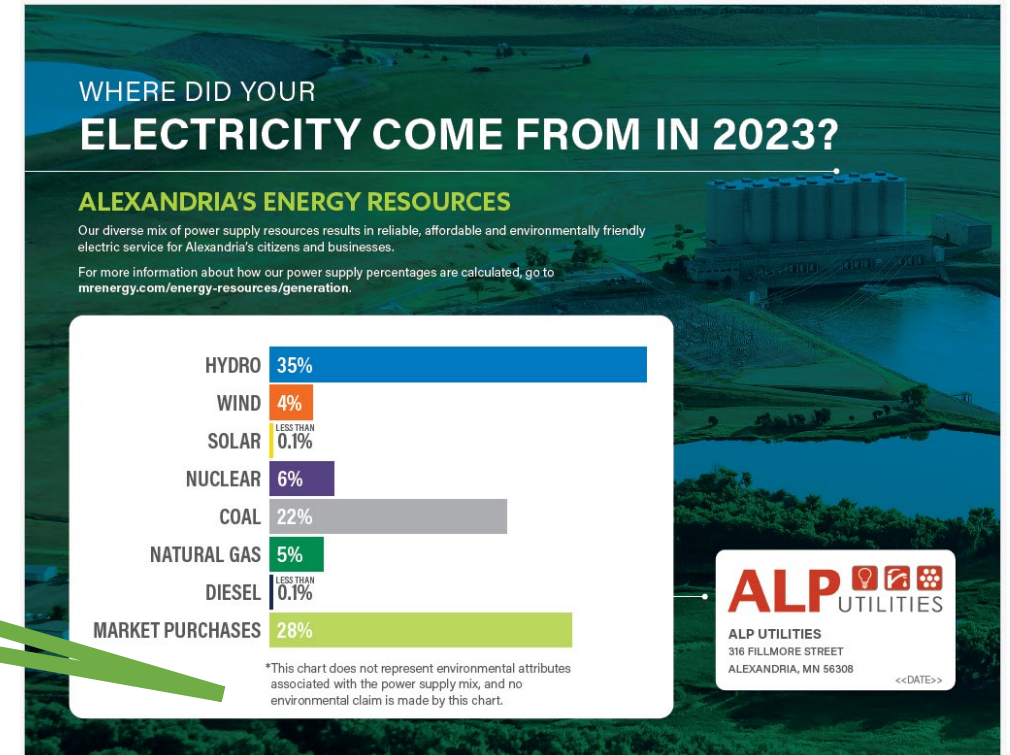


Review: Why does MRES retire RECs?

- ✓ Regulatory Compliance
 - Minnesota Renewable Energy Standard (RES) – 25% in 2025
 - Minnesota Carbon-Free Standard (CFS) – 60% by 2030, 100% by 2040
 - SD and ND Renewable Energy Objectives (REO) – 10%
 - **Only REC retirements satisfies compliance obligation**
- ✓ As requested by any member to support renewable claims
- ✓ Bright Energy Choices green energy program

Review: New Power Supply Mix charts

*This chart does not represent environmental attributes associated with the power supply mix, and no environmental claim is made by this chart.



New!

Environmental Footprint chart



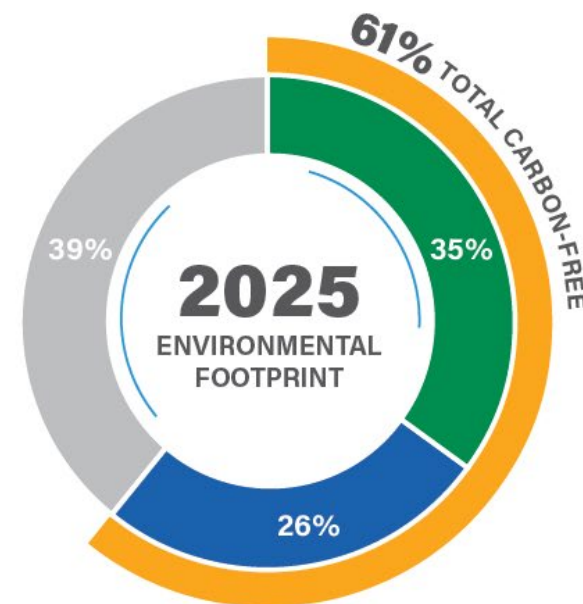
HOW **GREEN** IS MY **COMMUNITY?**





<<Name of Utility>> is committed to using renewable and carbon-free resources, while still providing reliable and cost-effective electricity for our community. In 2025, 35% of the electricity we sell will be sourced from renewable resources like hydropower, wind and solar. Another 26% will originate from resources that are not renewable, but still produce carbon-free energy, such as nuclear energy.

That means 61% of the electricity you use in 2025 is carbon-free.

As a public power community, we'll keep providing the power you can count on, and together, we'll shape a brighter tomorrow for future generations. That's the value of public power.

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CONTACT INFO HERE



-  RENEWABLE ENERGY
-  CARBON-FREE ENERGY (NOT RENEWABLE)
-  NOT RENEWABLE OR CARBON-FREE ENERGY
-  **TOTAL CARBON-FREE ENERGY**
(RENEWABLE + CARBON-FREE THAT IS NOT RENEWABLE)



REC Order Form

Member Order Form for 2025 Environmental Attributes (RECs)

Member:

Minnesota Member Example

WAPA Hydro % of Usage ¹	35%	(Distribution of WAPA RECs in table below must equal this amount)
Applicable State REO/RES/CFS ²	25%	
Annual Usage (MWh) ¹	444,000	
Total Market Purchases ¹	34%	
% Mkt Purchases Deemed Carbon-Free	55%	
2025 MRES REC Price Ea	\$1.00	

Instructions: Using Excel, Member completes yellow highlighted cells only, entering number only. (Distribution of WAPA RECs must equal WAPA Hydro % of Usage). Please supply name of person completing Order Form, and date.

	Renewable	Carbon-Free Only	No Attributes Claimed	Total Carbon-Free	Cost to Member
WAPA RECs Retired for RES/REO	25%			25%	
WAPA RECs Retired Voluntarily	10%			10%	
WAPA RECs Banked by Utility	0%		0%		
RECs to be Purchased by Utility ³	0%			0%	\$0
Carbon-Free Resources (Nuclear)		7%		7%	
Market Purchases Deemed Carbon-Free		19%		19%	
TOTALS	35%	26%	0%	61%	\$0

¹2023 usage data is the last complete year available, and will be reflected in member's 2025 Environmental Footprint Chart.

²REO = Renewable Energy Objective. RES = Renewable Energy Standard. CFS = Carbon-Free Standard

³Does not include REC purchases by retail customers through Bright Energy Choices program.

IMPORTANT: Please email this completed Order Form no later than Nov. 15, 2024 to Shannon.Murfield@mrenergy.com. If MRES does not receive the order form authorizing MRES to retire WAPA RECs to meet the state compliance obligation, the member will be charged for procuring and retiring RECs representing the percentage of MRES annual sales to the member for the compliance year.

Utility Representative Name: _____

Date: _____



Board-approved direction

1. Prioritization of WAPA RECs

Members retire RECs they receive from Western Area Power Administration (WAPA) prior to purchasing RECs from MRES

2. Need-based allocation of MRES RECs

Members pay MRES for any RECs needed to comply with applicable state objectives or standards, as well as RECs retired for members for any other reason

Board-approved recommendations

3. Market purchases deemed carbon-free

- We can no longer claim 100% of market purchases as carbon-free
- **Market Purchases Deemed Carbon Free for 2025**
(expected to change annually)
 - **MISO members (and all MN)** – MISO North annual historical energy production (55% in 2023)
 - **SPP members** – SPP annual historical energy production (46% in 2023)

REC Order Form Example – info at the top

Member REC Order Form for 2025 Claims

Member:

Minnesota Member Example

WAPA Hydro % of Usage ¹	35%	(Distribution of WAPA RECs in table below must equal this amount)
Applicable State REO/RES/CFS ²	25%	
Annual Usage (MWh) ¹	444,000	
Total Market Purchases ¹	34%	
% Mkt Purchases Deemed Carbon-Free	55%	
2025 MRES REC Price Ea	\$1.00	(\$0.001/kWh)

¹2023 usage data is the last complete year available, and will be reflected in member's 2025 Environmental Footprint Chart.

²REO = Renewable Energy Objective (ND & SD). RES = Renewable Energy Standard (MN). CFS = Carbon-Free Standard (MN)

³Does not include REC purchases by retail customers through Bright Energy Choices program.

REC Order Form example – fill yellow cells

Member Order Form for 2025 Environmental Attributes (RECs)

Member:

Minnesota Member Example

WAPA Hydro % of Usage¹

35%

(Distribution of WAPA RECs in table below must equal this amount)

Applicable State REO/RES/CFS²

25%

Annual Usage (MWh)¹

444,000

Total Market Purchases¹

34%

% Mkt Purchases Deemed Carbon-Free

55%

$$55\% \times 34\% = 18.7\%$$

2025 MRES REC Price Ea

\$1.00

Instructions: Using Excel, Member completes yellow highlighted cells only, entering number only. (Distribution of WAPA RECs must equal WAPA Hydro % of Usage). Please supply name of person completing Order Form, and date.

	Renewable	Carbon-Free Only	No Attributes Claimed	Total Carbon-Free	Cost to Member
WAPA RECs Retired for RES/REO	25%			25%	
WAPA RECs Retired Voluntarily	10%			10%	
WAPA RECs Banked by Utility	0%		0%		
RECs to be Purchased by Utility ³	0%			0%	\$0
Carbon-Free Resources (Nuclear)		7%		7%	
Market Purchases Deemed Carbon-Free		19%		19%	
TOTALS	35%	26%	0%	61%	\$0

New!

Environmental Footprint chart



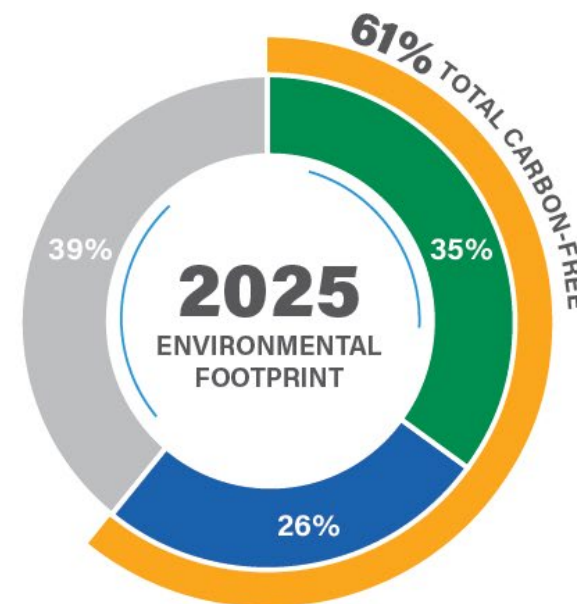
HOW **GREEN** IS MY **COMMUNITY?**





<<Name of Utility>> is committed to using renewable and carbon-free resources, while still providing reliable and cost-effective electricity for our community. In 2025, 35% of the electricity we sell will be sourced from renewable resources like hydropower, wind and solar. Another 26% will originate from resources that are not renewable, but still produce carbon-free energy, such as nuclear energy.

That means 61% of the electricity you use in 2025 is carbon-free.

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-  **TOTAL CARBON-FREE ENERGY**
(RENEWABLE + CARBON-FREE THAT IS NOT RENEWABLE)



REC Order Form example – 100% CF

Member:

WAPA Hydro % of Usage¹

Applicable State REO/RES/CFS²

Annual Usage (MWh)¹

Total Market Purchases¹

% Mkt Purchases Deemed Carbon-Free

2025 MRES REC Price Ea

ND or SD Member Example

60% (Distribution of WAPA RECs in table below must equal this amount)

10%

250,000

34%

46% (SPP)

\$1.00 (\$0.001/kWh)

46% x 34% = 15.6%

Instructions: Using Excel, Member completes yellow highlighted cells only, entering number only. (Distribution of WAPA RECs must equal WAPA Hydro % of Usage). Please supply name of person completing Order Form, and date.

	Renewable	Carbon-Free Only	No Attributes Claimed	Total Carbon-Free	Cost to Member
WAPA RECs Retired for RES/REO	10%			10%	
WAPA RECs Retired Voluntarily	50%			50%	
WAPA RECs Banked by Utility	0%		0%		
RECs to be Purchased by Utility ³	17%			17%	\$42,500
Carbon-Free Resources (Nuclear)		7%		7%	
Market Purchases Deemed Carbon-Free		16%		16%	
TOTALS	77%	23%	0%	100%	\$42,500

Environmental Footprint chart example – 100% Carbon-Free



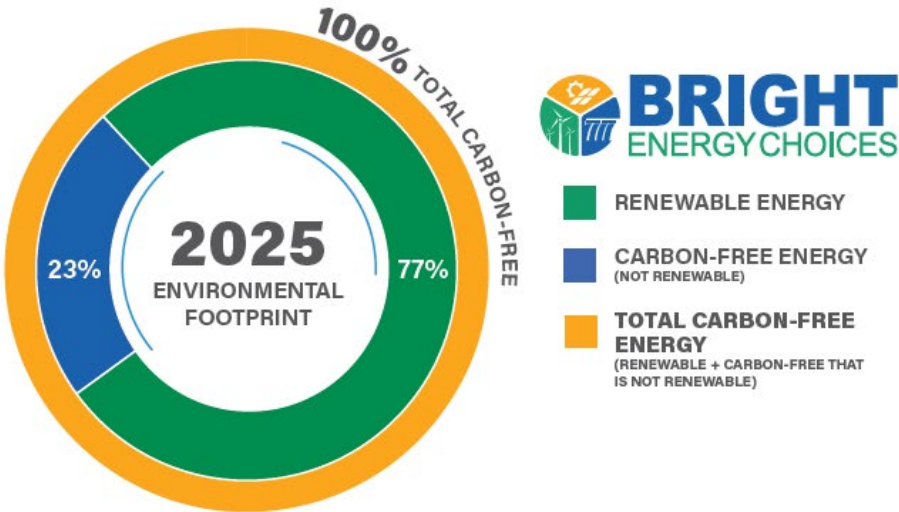
HOW **GREEN** IS MY **COMMUNITY?**

<<Name of Utility>> is committed to using renewable and carbon-free resources, while still providing reliable and cost-effective electricity for our community. In 2025, 77% of the electricity we sell will be sourced from renewable resources like hydropower, wind and solar. Another 23% will originate from resources that are not renewable, but still produce carbon-free energy, such as nuclear energy.

That means 100% of the electricity you use in 2025 is carbon-free.

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Sept. 13, 2024

REC Order Forms due by Nov. 15, 2024

- MRES requires member authorization to retire your WAPA RECs
- If Order Form is not received by November 15, MRES RECs will be used to meet state obligations
- Members will be charged for any MRES RECs retired in lieu of WAPA RECs

IMPORTANT: Please email this completed Order Form no later than Nov. 15, 2024 to Shannon.Murfield@mrenergy.com. If MRES does not receive the order form authorizing MRES to retire WAPA RECs to meet the state compliance obligation, the member will be charged for procuring and retiring RECs representing the percentage of MRES annual sales to the member for the compliance year.

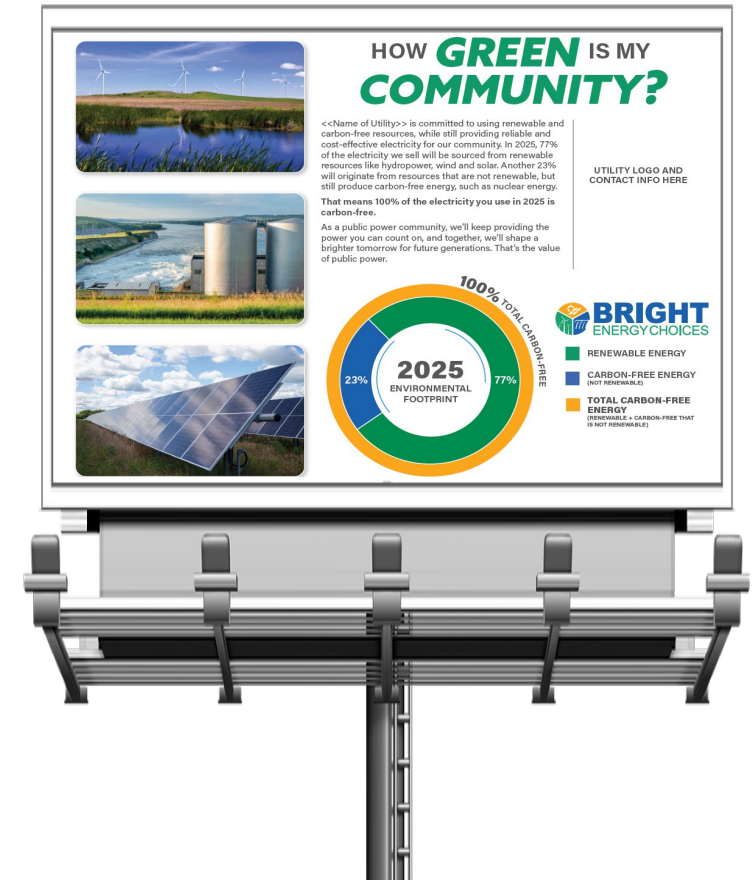
Communicating with BEC participants

- The sooner MRES gets your Order Forms, the sooner MRES can create your Environmental Footprint chart
- Bright Energy Choices customers need to know 2025 costs
- Most residential customers: <\$10/year to be 100% CF
- Most participating businesses should see an increase of less than \$100 a year. Impact depends on their sales and how renewable your utility chooses to be.



Marketing materials and other tools

- Power Supply Resource Mix bar chart
- Environmental Footprint pie chart
- Bright Energy Choices fact sheet for members
- *Bright Energy Choices for your Business flyer*
- *Bright Energy Choices for your Home flyer*
- Bright Energy Choices Enrollment Form & Cost Estimator (for customers)



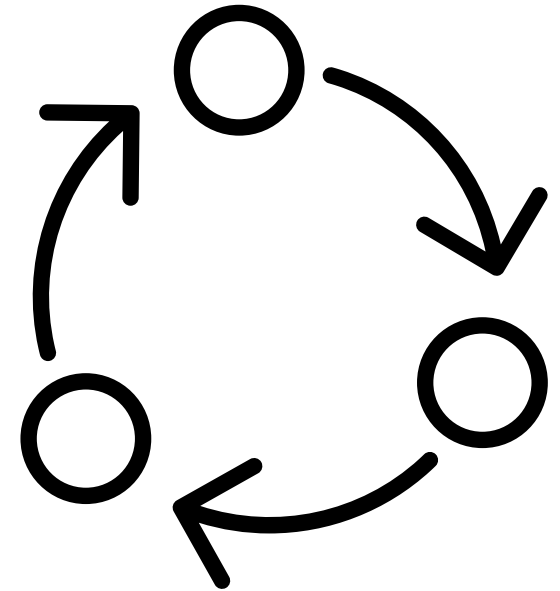
Fall 2024 Timeline

- **By Oct. 4:** REC Order Forms emailed to members
- **Oct. 7:** MRES will distribute Power Supply Mix and Environmental Footprint charts as soon as possible after completed order forms are received
- **Oct. 11:** BEC marketing materials available on Members Only site
- **Late October:** Overview of changes presented at Area Meetings
- **Nov. 15:** 2025 REC Order Forms due to MRES
- **Before Dec. 31:** Members use 2025 Environmental Footprint chart to confirm customers' 2025 BEC participation



BEC reporting process unchanged

- Members apply the green energy adder to BEC customers' non-carbon-free purchases each month (\$0.001/kWh)
- Members report green energy sales to MRES each month
- MRES bills members monthly for previous month's green energy purchases (sales)





Questions?