



Empowering Our Communities

Updates to the MRES REC Program

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Agenda

REC Basics

REC Program Updates

Review REC Election Options

Next Steps & Questions

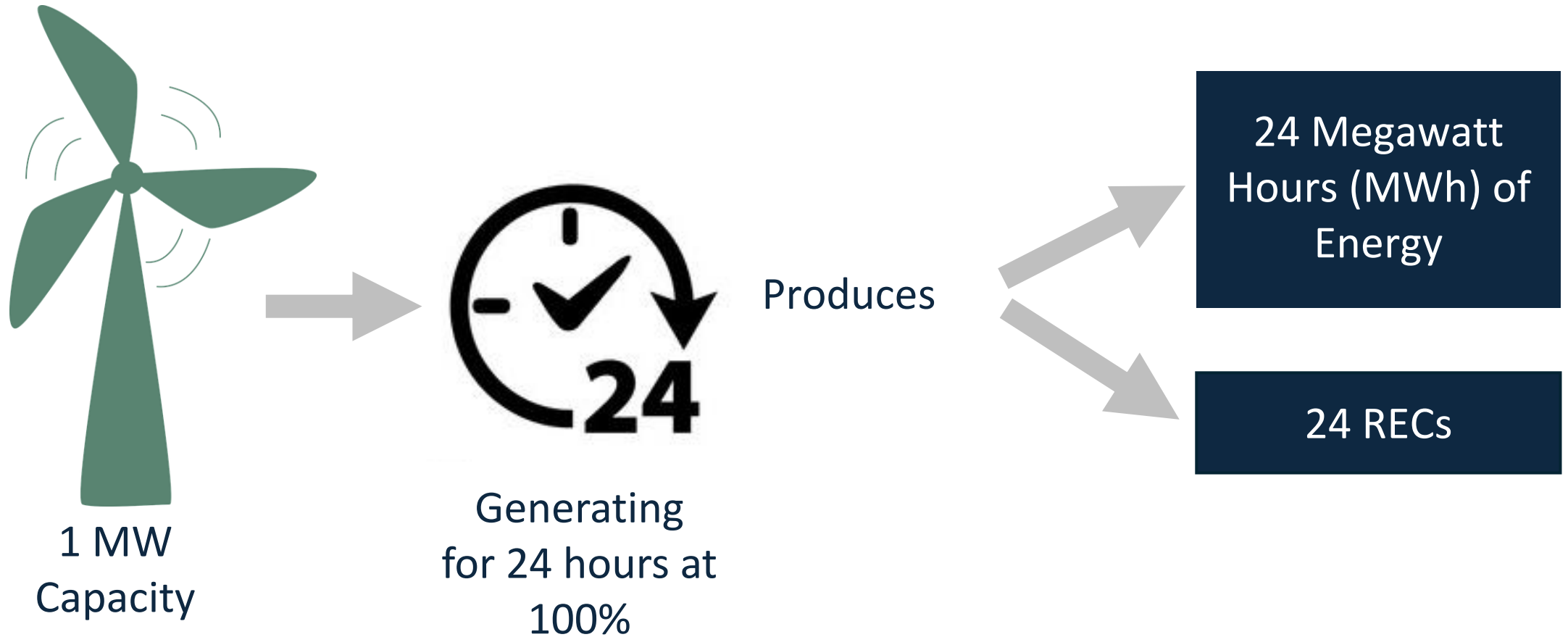


REC Basics

What are renewable energy certificates (RECs)?

- A digital certificate proving renewable energy was generated and fed into the grid
- RECs are tradeable and tracked by regional tracking systems
- 1 megawatt-hour (MWh) of renewable generation = 1 REC

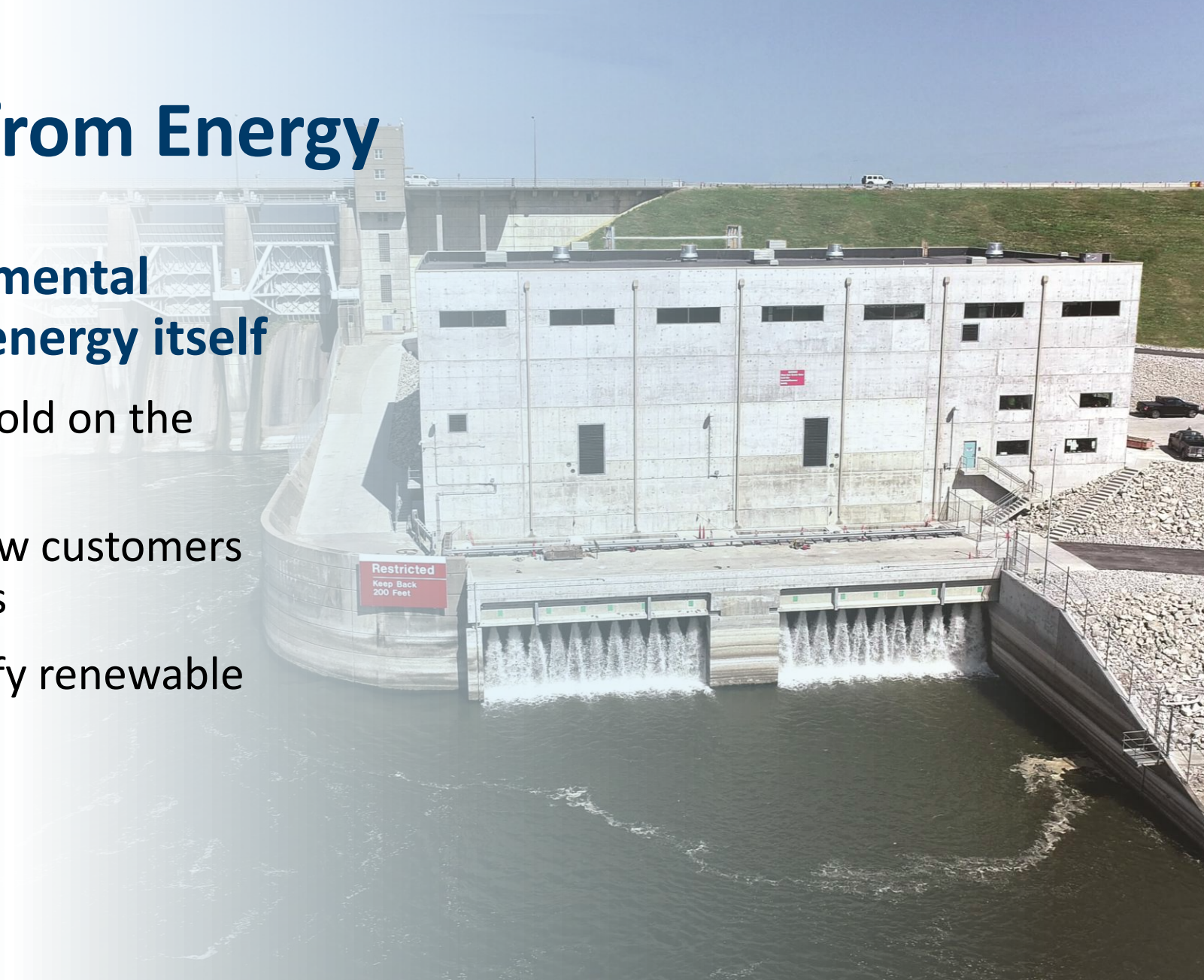
How a REC is made



Separating RECs from Energy

RECs represent “environmental attributes,” but not the energy itself

- RECs are purchased and sold on the REC market
- Only REC retirements allow customers to make renewable claims
- REC retirements can satisfy renewable requirements and goals



Why Retire RECs?

Voluntary purposes:

- Bright Energy Choices green energy program

Regulatory compliance:

- MN Renewable Energy Standard (RES) – 25% in 2025, 55% by 2035
- MN Carbon-Free Standard (CFS) – 60% by 2030, 90% by 2035 and 100% by 2040
- SD Renewable Energy Objective (REO) – 10%, voluntary
- Iowa and North Dakota have no requirement for munis or co-ops

Where do MRES & Members get RECs?



WAPA hydro



MRES hydro, wind & solar



REC market purchases

Bright Energy Choices

BEC is a “green energy” program:

- Members and/or customers purchase RECs to support renewable or carbon-free claims

Participation options:

- Community participation
- Retail program



MRES REC Program Updates

Going forward,
members will have
two options

Advantages provided:

- Additional, simple option for **flexibility**
- No monthly sales reporting = **reduced administrative time**
- Greater **accuracy** and **limited financial risk**

Why the Change?

A combination of factors:

- RECs from WAPA were far less than projected
- Laramie River Station ran more than projected
- Market purchases were less than projected



The Result

- MRES committed to “true-up” members for their 2025 REC commitments
- Retroactive “easy” option now provides additional flexibility and accuracy
- More conservative estimates going forward
- Additional clarifying language added to REC forms
- No monthly sales reporting to MRES



The Benefits

Member benefits:

- More flexibility with simple option (retroactive)
- Option to support BEC customers with current-year claims
- Reduced admin time with no monthly sales reporting

Customer benefits:

- Option to make current-year environmental claims
- Member guarantees customer claims are supported

MRES benefits:

- Limited financial risk because members support their claims
- Reduced admin time with no monthly sales reporting

Option 1: Proactive Commitment

Very similar to last year's process

Members fill out REC commitment forms each fall for the coming year

Option 1 is best suited for:

- Members with *customers participating in BEC program*
- Members who want to *promote their renewable and/or carbon-free percentage* for the coming year

Proactive commitment forms will be based on estimates.

2027 REC Election Options

Option 1: Proactive commitment for the coming year



Option 2: Retroactive Order Form

New option for additional flexibility

Members will fill out REC order forms in February that look back at the previous year

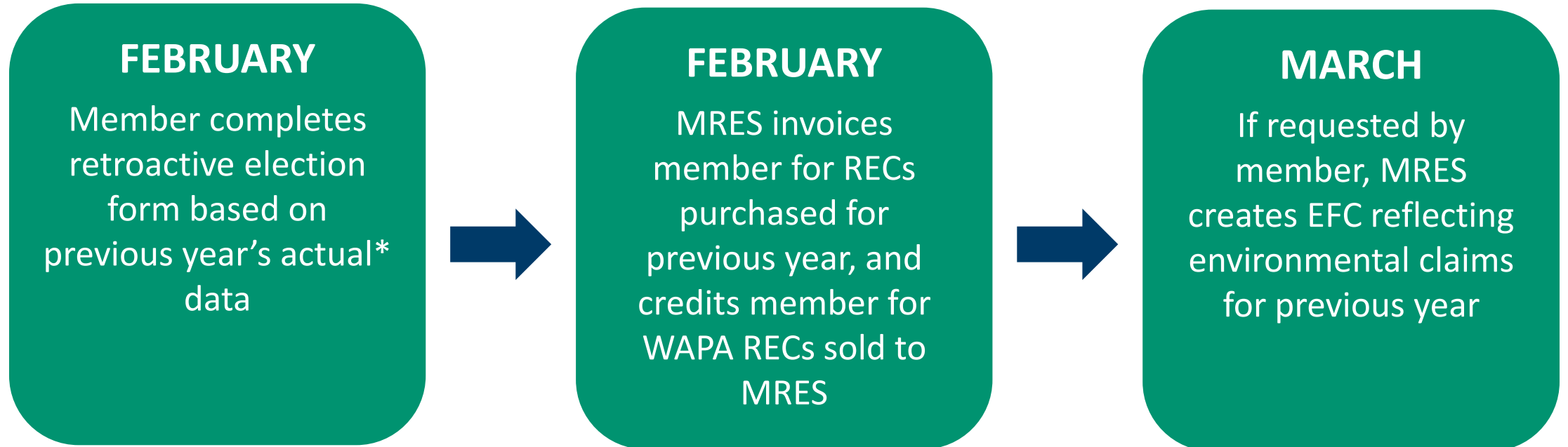
Option 2 is best suited for:

- Members who *do not have customers participating* in the BEC program
- Members who *do not wish to make environmental claims* for the current year

Retroactive order forms will be filled out with exact REC numbers from actual energy sales.

2027 REC Election Options

Option 2: Retroactive order form for previous year



2027 REC Election Options Comparison

	Option 1: Proactive Commitment	Option 2: Retroactive Order
Member commits to community's renewable & carbon-free percentages for the coming year	x	
Member receives Environmental Footprint Chart (EFC) in the fall for the coming year	x	
Member purchases RECs — desired or required — for previous year in February	x	x
Member receives EFC in spring for previous year		Only if requested

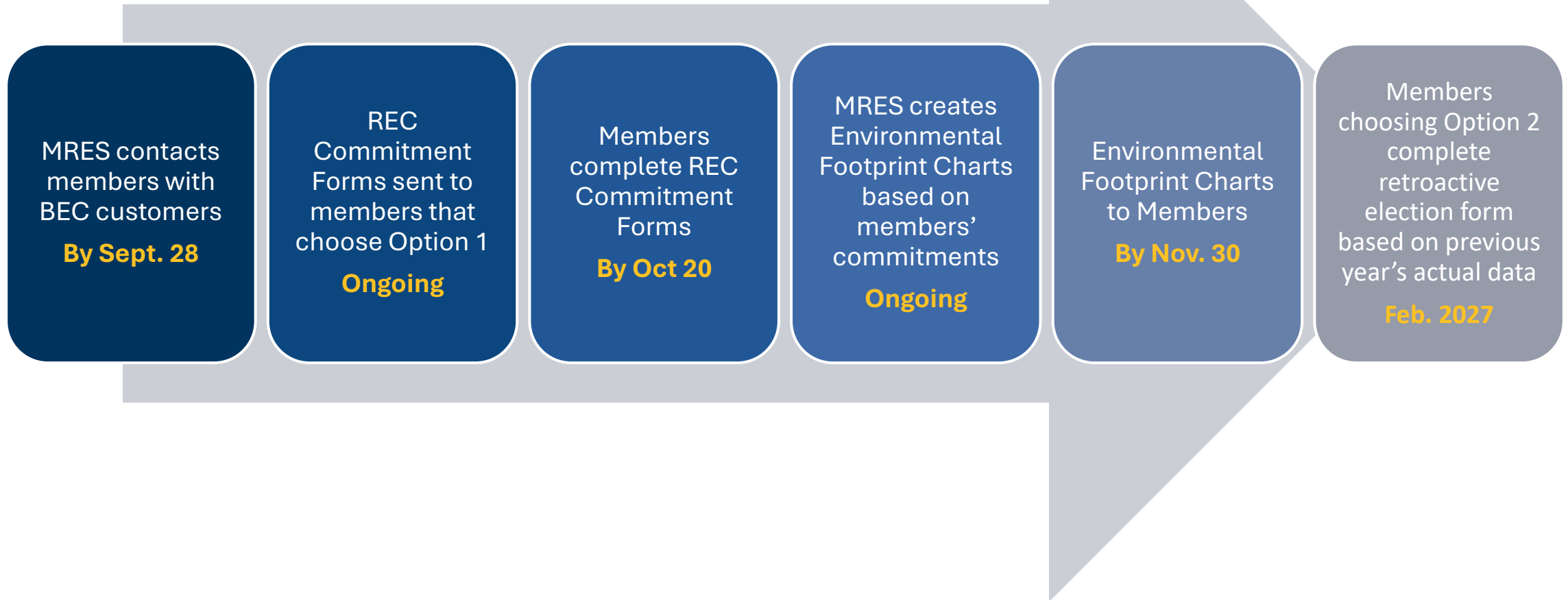


2027 BEC Sales Reporting/Invoicing Change

Current Process (2026)	2027 Process
Member applies green energy adder (\$0.001 per kWh) to participating BEC customers' monthly bills, based on percentage of utility's energy sales that are not already carbon-free.	No change to this step.
Member submits monthly BEC sales reports to MRES for their participating BEC customers. MRES bills member on next invoice for those sales.	No monthly reporting to MRES. At the end of each year, members will report their BEC customers' total annual green energy purchased to MRES. MRES will invoice members for that energy on next invoice
Member submits monthly BEC sales reports to MRES for their communities. MRES bills member on next invoice for those sales.	No monthly reporting to MRES. In February of each year, MRES will invoice members for RECs needed to support members' environmental claims for the previous year.



Next Steps



Questions?





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