



Empowering Our Communities

MRES Renewable Energy Certificate (REC) Program

*Derek Bertsch, Senior Regulatory & Contracts Counsel
Shannon Murfield, Director of Energy Services
September 18, 2025*

Agenda

- REC Basics
- WAPA RECs and Contract Revisions
- MRES REC Program: Joint Action Approach
- 2026 REC Election Forms and Next Steps





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REC Basics

Renewable Energy Certificates

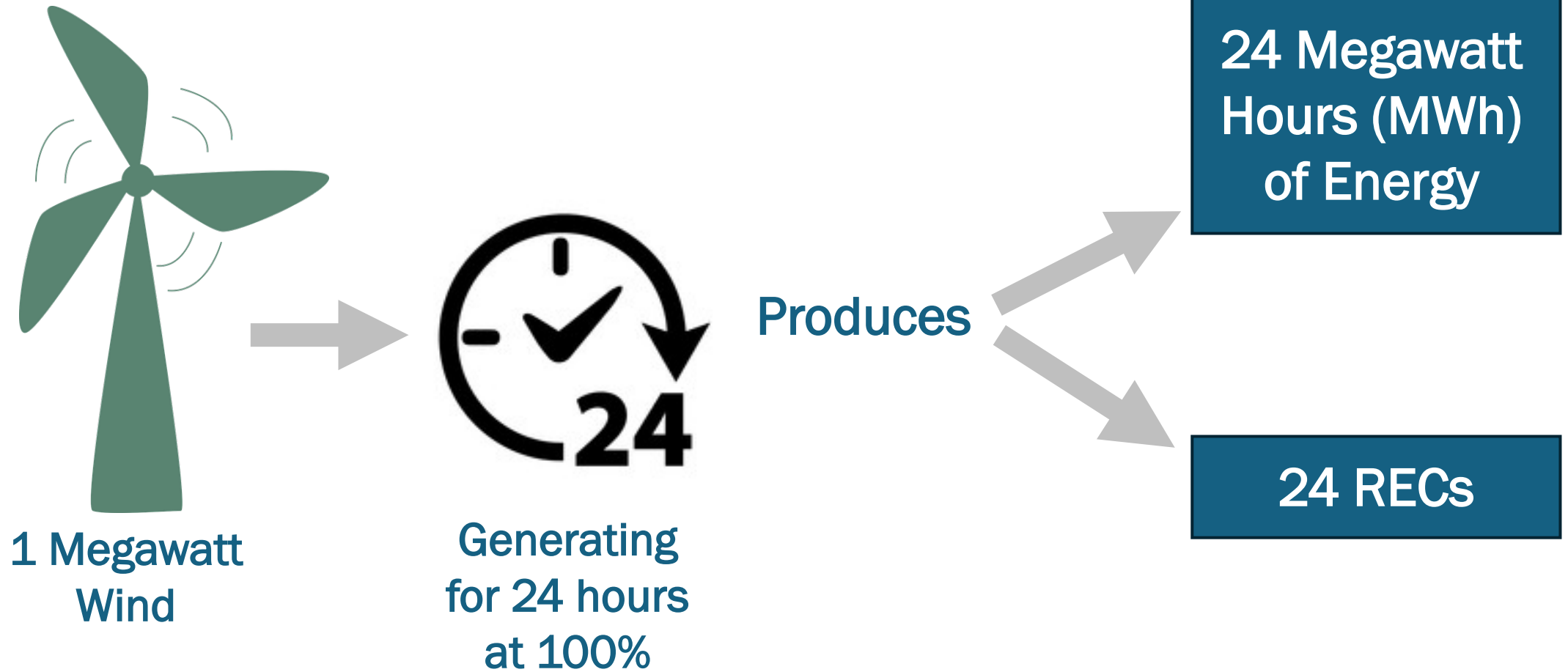


- Impossible to physically track where energy goes
- One REC represents the “environmental attributes” of 1 MWh of renewable generation (not the energy itself)

EPA Video on RECs (3:48)

https://www.youtube.com/watch?v=_12VYXms6-c

How a REC is made



RECs are often sold separately from energy

- RECs are purchased and sold on 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, 100% by 2040
 - SD Renewable Energy Objective (REO) – 10%, voluntary
 - Iowa and North Dakota have no requirement for munis or co-ops
 - **Only REC retirements satisfies compliance obligation**

Where do MRES & members get RECs?



WAPA hydro



MRES hydro, wind & solar



REC market purchases



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WAPA RECs and Contract Revisions

2025 WAPA Decision

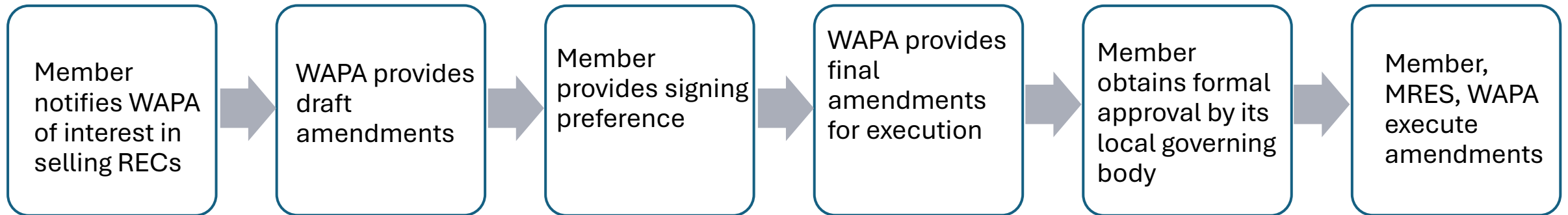
WAPA customers may...
“use, dispose of, transfer or
resell” environmental
attributes (RECs) associated
with their hydropower
allocation

Contract Amendments

Members interested in selling WAPA RECs must amend contracts to reflect new GPCPs

- Firm Electric Service contract (WAPA, Member)
- REC Designated Entity contract (WAPA, Member, MRES)

Contract Amendment Process



- Notify Brianna Gray at bgray@wapa.gov of interest in amending contracts to allow the sale of WAPA RECs
- 39 Members have notified WAPA of their interest in selling WAPA RECs



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MRES REC Program

Joint Action Approach

- Members with unneeded/unwanted WAPA RECs may sell them to MRES at market rates
- Members needing or wanting RECs can purchase them from MRES
- MRES will maintain adequate inventory of RECs to meet anticipated member needs
- **Optimizes value of WAPA RECs for entire membership**

MRES REC Program Principles

- Serve as guidelines for MRES REC Program
 - MRES will manage WAPA RECs in the Midwest Renewable Energy Tracking System on the member's behalf
 - Members will designate RECs they want to retire/sell/purchase on the annual REC Election Form
 - WAPA RECs sold to MRES may not have previously been used to support any environmental claim or to satisfy any compliance obligation
 - MRES will not market or carry over (i.e., bank) WAPA RECs on behalf of individual members
- Posted on Members-Only page of MRES Website



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2026 REC Election Forms

2026 REC Election Forms

Will include:

- Option to **sell** unneeded/unwanted 2026 WAPA RECs to MRES (paid upon delivery in early 2027)
- Option to **retire** 2026 WAPA RECs (to green up 2026 environmental footprint)
- Option to **purchase** RECs from MRES for compliance or other purposes in 2026
- Option to **retire** 2025 WAPA RECs (for members who banked them)

Will *not* include:

- Option for individual members to bank RECs (unnecessary and unsustainable)

Example #1

IA or ND member selling all
WAPA RECs

2026 Renewable Energy Certificate (REC) Election Form

MRES Member: [REDACTED]

Total Annual Usage (MWh)¹ **100,200** (or RECs required to be 100% Carbon-Free)
Estimated 2026 WAPA RECs¹ **76,753**
WAPA % of Annual Usage **77%**
2026 REC Rate **\$1.00**
2026 WAPA RECs Allocated **100%** (must equal 100%)

INSTRUCTIONS: Open form in Excel and fill yellow highlighted cells only. Return completed spreadsheet to: shannon.murfield@mrenergy.com by Nov. 1, 2025.

	MWh	2026 Environmental Footprint			Member Revenue or Cost ¹
		Renewable	NOT Renewable but Carbon-Free	Total Carbon-Free	
2026 WAPA RECs To Retire	0	0%			
2026 WAPA RECs to Sell to MRES ²	76,753				\$ 76,753
RECs to be Purchased by Utility	0	0%			\$ -
Carbon-Free Market Purchases ³	4,471		4%		
TOTALS	81,224	0%	4%	4%	\$ 76,753

Addl RECs required to be 100% Carbon-Free **95,729**

¹ 2024 purchases used as 2026 estimate. Actual costs/credits will be based on 2026 actual allocation.

² Payment to be made when WAPA delivers 2026 RECs approx. March 2027

³ See below for calculation of market purchases deemed carbon-free.

This REC Election Form authorizes Missouri River Energy Services to credit or debit the Member and retire RECs as indicated. By signing this REC Election Form, the Member Representative acknowledges that they are authorized to sign this REC Election Form on behalf of the Member and the Member agrees to the MRES REC Program Principles as posted and updated at

Member Representative Name: _____ Date: _____

Member Representative Signature: _____

MARKET PURCHASES CALCULATION

2025 Market Purchases (MWh) 9,553
% of Market that is Carbon-free **47%**
Total Carbon Free Mkt Purchases **4,471**



Example #2:
MN member selling excess RECs

2026 Renewable Energy Certificate (REC) Election Form

MRES Member:

Total Annual Usage (MWh)¹ =

289,567

(or RECs required to be 100% Carbon-Free)

2026 REC Rate

\$1.00

	RECs	% of Usage	2026 WAPA RECs Allocated (must equal 100%)
Estimated 2026 WAPA RECs ¹	96,585	33%	100%
Less RECs to meet MN RES ²	-72,392	25%	
WAPA RECs Remaining After RES	24,193		

INSTRUCTIONS: Open form in Excel and fill yellow highlighted cells only. Return completed spreadsheet to: shannon.murfield@mrenergy.com by Nov. 1, 2025.

	MWh	2026 Environmental Footprint		Member Revenue or Cost ¹
		Renewable	NOT Renewable but Carbon-Free	Total Carbon-Free
WAPA RECs to be Retired for 25% RES ³	72,392	25%		
Additional 2026 WAPA RECs To Retire	0	0%		
2026 WAPA RECs to Sell to MRES ³	24,193			\$ 24,193
RECs to be Purchased by Utility	0	0%		\$ -
Carbon-Free Market Purchases ⁴	45,131		15.6%	
TOTALS	141,716	25%	16%	41% \$ 24,193

Addl RECs required to be 100% Carbon-Free

172,044

¹ 2024 purchases used as 2026 estimate. Actual costs/credits will be based on actual 2026 allocation.

² RES = Minnesota Renewable Energy Standard

³ Payment to be made when WAPA delivers 2026 RECs approx. March 2027

⁴ See below for calculation of market purchases deemed carbon-free.

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Member Representative Name:

Date:

Member Representative Signature

MARKET PURCHASES CALCULATION

2025 Market Purchases (MWh)

78,626

% of Market that is Carbon-free

57%

Total Carbon Free Mkt Purchases

45,131

Example #3:

MN member – 100% carbon-free

2026 Renewable Energy Certificate (REC) Election Form

MRES Member:

Total Annual Usage (MWh)¹ =

35,506

(or RECs required to be 100% Carbon-Free)

2026 REC Rate

\$1.00

	RECs	% of Usage
Estimated 2026 WAPA RECs ¹	26,950	76%
Less RECs to meet MN RES ²	-8,876	25%
WAPA RECs Remaining After RES	18,074	

2026 WAPA RECs Allocated (must equal 100%)

100%

INSTRUCTIONS: Open form in Excel and fill yellow highlighted cells only. Return completed spreadsheet to: shannon.murfield@mrenergy.com by Nov. 1, 2025.

	2026 Environmental Footprint			Member Revenue or Cost ¹	
	MWh	Renewable	NOT Renewable but Carbon-Free		Total Carbon-Free
WAPA RECs to be Retired for 25% RES ³	8,876	25%			
Additional 2026 WAPA RECs To Retire	18,074	51%			
2026 WAPA RECs to Sell to MRES ³	0				\$ -
RECs to be Purchased by Utility	6,554	18%			\$ (6,554)
Carbon-Free Market Purchases ⁴	2,001		5.6%		
TOTALS	35,505	94%	6%	100%	\$ (6,554)

Addl RECs required to be 100% Carbon-Free

0

¹ 2024 purchases used as 2026 estimate. Actual costs/credits will be based on actual 2026 allocation.

² RES = Minnesota Renewable Energy Standard

³ Payment to be made when WAPA delivers 2026 RECs approx. March 2027

⁴ See below for calculation of market purchases deemed carbon-free.

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Member Representative Name:

Date:

Member Representative Signature

MARKET PURCHASES CALCULATION

2025 Market Purchases (MWh)

3,486

% of Market that is Carbon-free

57%

Total Carbon Free Mkt Purchases

2,001

Environmental Footprint chart Example 1



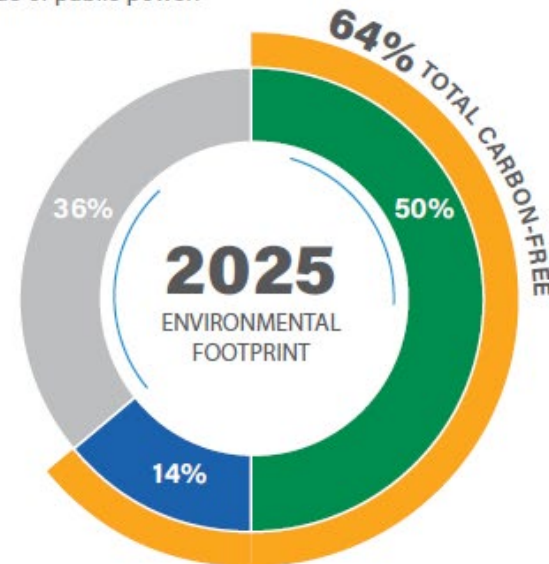
HOW **GREEN** IS MY **COMMUNITY?**





<<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, 50% of the electricity we sell will be sourced from renewable resources like hydropower, wind and solar. Another 14% will originate from market purchases, which are not renewable but are considered carbon-free.

That means 64% 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.

UTILITY LOGO AND 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)

November 2024



Environmental
Footprint chart
Example 2



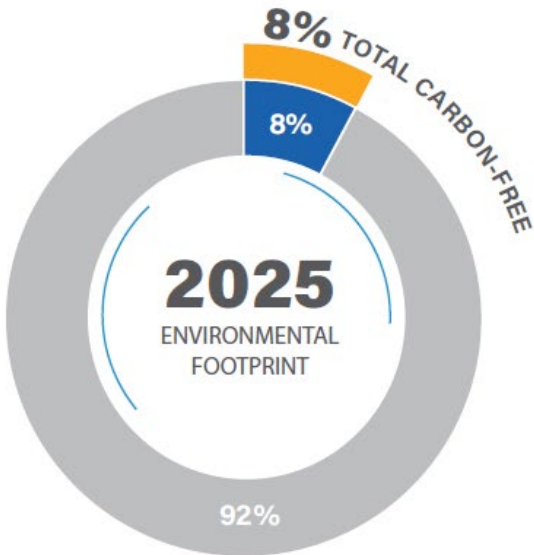
HOW **GREEN** IS MY
COMMUNITY?

<<UTILITY NAME>> is committed to providing reliable and cost-effective electricity for our community. In 2025, 0% of the electricity we sell will be sourced from renewable resources like hydropower, wind and solar. Eight percent will originate from market purchases, which are not renewable but are considered carbon-free.

That means 8% 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.

UTILITY NAME AND
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)



Environmental
Footprint chart
Example 3



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, 91% of the electricity we sell will be sourced from renewable resources like hydropower, wind and solar. Another 9% will originate from market purchases, which are not renewable but are considered carbon-free.

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

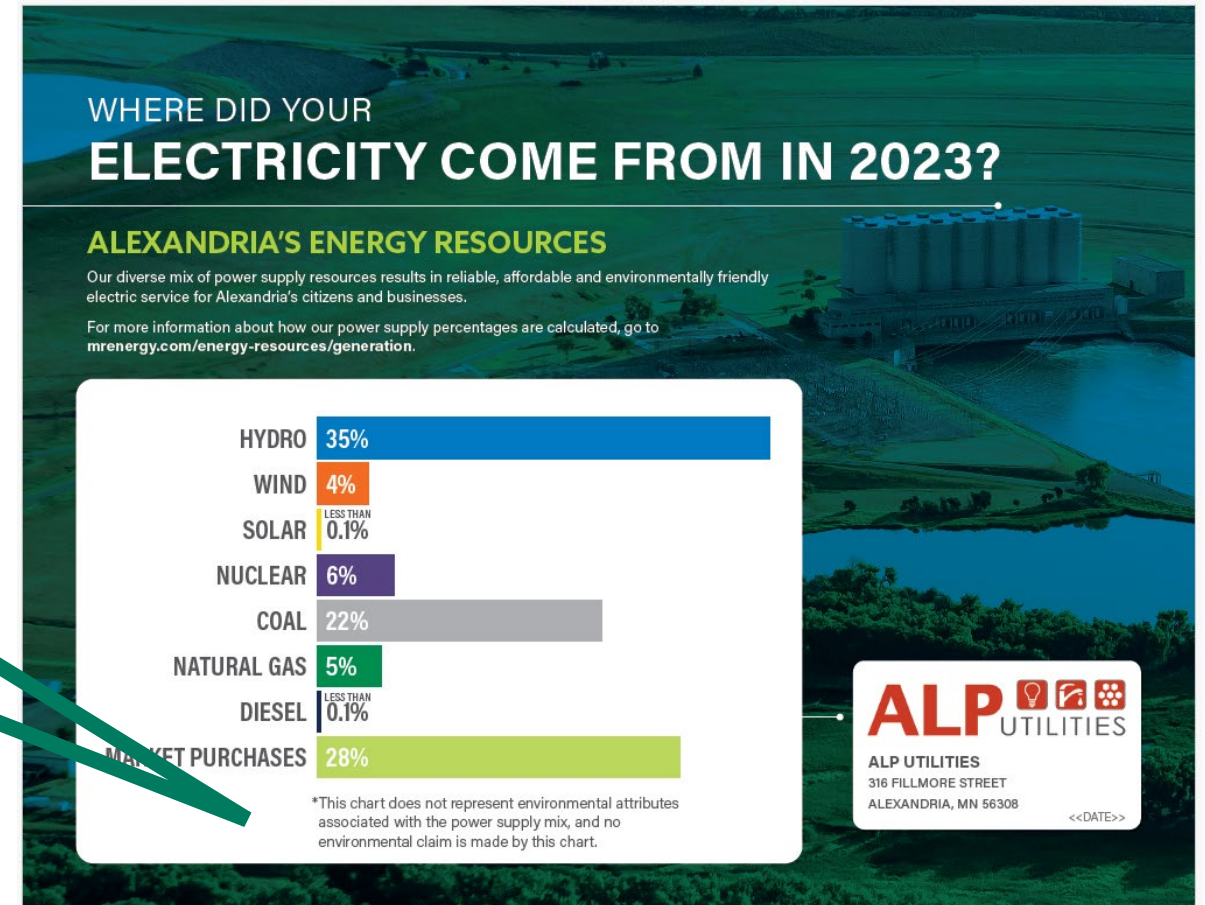
As a public power community, we'll keep providing the power you can count on, and together, we'll shape a brighter tomorrow for future generations. That's the value of public power.

UTILITY NAME AND CONTACT
INFO HERE



Use power supply mix bar charts with caution

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



Annual cost to be 100% carbon-free (at \$1/REC)

Customer Annual Usage (kWh)	Utility Carbon-Free Percentage				
	100% CF	75% CF	50% CF	25% CF	5% CF
12,000 (Res)	-	\$3	\$6	\$9	\$12
50,000	-	\$13	\$25	\$38	\$48
200,000	-	\$50	\$100	\$150	\$190
500,000	-	\$125	\$250	\$375	\$475
1,000,000	-	\$250	\$500	\$750	\$950
10,000,000	-	\$2,500	\$5,000	\$7,500	\$9,500
50,000,000	-	\$12,500	\$25,000	\$37,500	\$47,500

2026 REC Election Form Timeline

- Separate process from the WAPA contract revisions; but could occur at approximate same time

REC Election Forms
emailed to Members
by Sept. 19

Completed REC
Election Forms due
to MRES
By Nov. 1

Environmental
Footprint Charts and
Power Supply Mix
charts to Members
By Nov. 21

Members contact
BEC customers to
verify continued
participation
By Dec. 31

Questions?

Shannon Murfield

Director of Energy Services

Shannon.Murfield@mrenergy.com

Derek Bertsch

Senior Regulatory & Contracts Counsel

Derek.Bertsch@mrenergy.com

