

# Development of a Midwest Renewable Energy Credit Tracking System (M-RETS)

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# M-RETS Rationale and History

- To follow the lead of other regions in bringing market forces to renewable energy development
- PUC Commissioners Bridge (WI) and Reha (MN) have sponsored three regional workshops bringing interested stakeholders together



# M-RETS Rationale, cont.

- Utilities and others are increasing purchases of renewable energy
- Credit trading allows these commitments to be met without each producing power (ea. credit = 1 MWH)
- Tracking system needed to account for the production, exchange and retirement of credits
- System will also allow state regulators to verify compliance with state renewable requirements



# RECs Tracking Overview

- Analogy: Database operates as a banking system for renewable certificates
- Electronic system issues certificates for each MWh of renewable generation
- Tracks each certificate from “birth” to retirement

# U.S. Experience

- Similar system in place in Texas; systems under development in New England, PJM and Western states
- M-RETS will be fully compatible with these systems, someday allowing tracking of credits nationwide



# Regional Tracking Programs

- ERCOT RECs Program (2001)
- NEPOOL GIS (2002)
- WI RRC Program (2003)
- WREGIS (WECC states)
- PJM Gats (PJM and expanded region)
- M-RETS (Upper Midwest states)
- NAAIB Coordinating Body



# Workshop Results

- Workshops and surveys in region have identified broad-based support for renewable credit tracking and trading
- Workshop participants have endorsed the work of two regional NGO's to develop recommendations on system design, governance and financing



# M-RETS System Design

- States initially involved include MN, WI, IA, ND, SD, and most recently, IL; province of Manitoba
- Technical Review Committee has just completed technical design recommendations, e.g., how credits are created, retired and/or traded; TRC includes regulators, utilities, other stakeholders (copy in your folder)
- Design is “policy neutral” to allow individual states to determine compliance with in-state renewable policies



# M-RETS Governance

- TRC recommends creation of a regional board comprised of PUC commissioners from the six-state region and Manitoba
- Board will consider recommendations from the TRC on system design and financing
- Board will let RFP's for system software development and day-to-day operations



# M-RETS Financing

- Project to date has been funded by private foundation grant to two NGO's
- Funding for software development will be sought from federal (DOE, EPA) and/or private (regional utilities) sources
- Ongoing system maintenance will be either fee-for-service from system users or a volumetric customer charge



# M-RETS Institutional Host

- Options under consideration include:
  - MISO/PJM
  - MAPP (now MRO)
  - New non-profit organization
  - Existing state agency



# State Legislative Authorities

- Previous legislation and/or commission authority to approve credit tracking system participation in place in IL, MN, WI and IA
- Legislative authority secured in ND in legislative session just ended
- Legislation will be re-introduced in SD next year (see draft bill in you packets)



# M-RETS Draft Bylaws

- Article II – Membership
- Article III – Governance Board
  - **Purpose**
    - **Provide for establishment, funding, governance**
    - **Develop and adopt technical standards**
    - **Let bids for system design software, ongoing maintenance**
    - **Manage and promote MRETS**
  - **Composition**
  - **Voting procedures**
  - **Positions on policy issues**



# M-RETS Draft Bylaws (cont.)

- Article V – Committees
- Article VI – States not bound
- (See copy of draft bylaws in your folders)



# Tentative M-RETS Timeline

- 11/1 – Technical recommendations from TRC final; forward to state PUC's
- 1/1/06 – Governance Board members selected (one from each state PUC and Manitoba)
- 1/31 – First meeting of Governance Board
  - Approve by-laws
  - Approve TRC system design recommendations and draft RFP for system software development and day-to-day operations contractor(s)



# M-RETS Timeline cont.

- 3/1 - Governance Board second meeting; approve RFP
- 4/1 – Responses to RFP due
- 5/15 – Governance Board third meeting; approve contractor selection



# Request Your Involvement in M-RETS

- Stakeholder involvement will be essential to success, beginning with active participation on proposed M-RETS governing board or TRC
- Invite your feedback on draft by-laws, technical recommendations
- Please communicate your need for additional information
- Go to [www.MRETS.net](http://www.MRETS.net) for all the latest!

