



New year, new opportunities for Renewable Energy Credits

By Kathi Risch

They go by many names: Renewable Energy Credits, Verified Carbon Units, carbon offsets, environmental attributes, green tags or Tradable Renewable Credits. Whatever you call them, beginning in 2012, they'll be handled differently at Basin Electric, and many members will be taking advantage of a unique sale opportunity.

A Renewable Energy Credit represents the environmental benefit resulting from the generation of one megawatt-hour of renewable or green energy. These credits can be sold separately from the electricity and improve the economics for the development of green or renewable energy projects.

With Ron Rebenitsch's retirement in December, the responsibility of tracking the production of Renewable Energy Credits at Basin Electric has been transferred to the marketing and power supply planning division. David Raatz manages the division. Raatz says Jason Doerr, senior marketing engineer, and Kezia Zander, administrative assistant III, have set up a new system to track the Renewable Energy Credits.

In September, Raatz says Basin Electric asked the membership if they have had any need to buy Renewable Energy Credits. "It appears that for all of the renewable credits we have through the end of this year, there is a home within the Basin Electric membership, so we are not actively trying to market those credits to third parties,"

Raatz says. "Members in the states of Minnesota and Colorado have mandated renewable portfolio standards to meet related to power purchases from others, so all of Basin Electric's remaining tags through the end of 2011 will be sold to the Basin Electric membership.

"The Basin Electric Board of Directors adopted a policy to distribute its available uncommitted Renewable Energy Credits to its Class A members,

effective in 2012, and so we are setting up the processes to track and allocate those credits." Raatz says. The membership can use them for their own state reporting obligations, market them, or ask Basin Electric to market them on their behalf. "We are gearing up so we will be in a position to market those credits if the membership wants us to do that. Our first

choice, however, would be to redistribute them to other Basin Electric members at a fair and appropriate price, to keep them in the family.

"If Basin Electric is required by state law to directly provide credits on behalf of a member," Raatz says, "we will ask the membership to return the required credits we allocated to them, so we can meet Basin Electric's obligation. If the member chooses not to provide those renewable credits back to us, then we will go out and buy the required amount of credits from the market and pass the cost on to that member."



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Doerr explains that Western Area Power Administration provides production information to M-RETS (Midwest Renewable Energy Tracking System), which is a trading and green tracking program. Western acts as an independent meter agent for Basin Electric's Renewable Energy Credit production. "For Basin Electric to obtain the Renewable Energy Credit certificate, Western submits our energy production meter reads to Basin Electric's M-RETS account.

M-RETS converts the energy production meter values to Renewable Energy Credits. The Renewable Energy Credits are the attributes that can be accounted for and marketed," Doerr says.

About a year ago, Raatz says Basin Electric had an opportunity to sell an amount of renewable credits to Element Markets, a broker that would sell those tags to a third-party entity. General Motors was an example of one of those entities. Element Markets sold 88 percent of the output of the Crow Lake Wind Project, 88 percent of the PrairieWinds North Dakota projects and it also sold some of the waste-heat site renewable attributes for which Basin Electric has contractual rights.

"When we had that opportunity," Raatz says, "we asked the membership if they would like to participate in the

Element Markets sale starting in 2012 as Basin Electric will be allocating the Renewable Energy Credits to its members, and as a result Basin Electric would not have any renewable credits to sell to Element Markets. The entire membership, with the exception of Tri-State, said yes, they would like to participate in the sale."

Element Markets is also assisting with the very stringent certification process to convert the Renewable Energy Credits

into Verified Carbon Units through the Verified Carbon Standard, which makes them more valuable. Basin Electric will accomplish this through retiring the Renewable Energy Credits in M-RETS to prevent double counting, and accounting for the Verified Carbon Units in the Verified Carbon Standard Registry.

Raatz says the members' commitment is from 2012 through

2014. There is not a specific magnitude of the sale; it's based on whatever the facilities produce. He says the challenge for members going forward is they must not represent that they're selling green power to their members if they are going to sell the environmental attributes.

More information on Element Markets can be found at <http://www.elementmarkets.com/>.

To see how General Motors is using its investment in Verified Carbon Units from the Crow Lake Wind Project go to <http://www.chevrolet.com/environmental-projects/carbon-reduction/> and click on the wind tower.



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