

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Marshall Johnson	Commissioner
Ken Nickolai	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of a Commission Investigation  
into a Multi-state Tracking and Trading System  
for Renewable Energy Credits

ISSUE DATE: February 21, 2006

DOCKET NO. E-999/CI-04-1616

ORDER ACCEPTING REPORT AND  
RECOMMENDATIONS AND REQUESTING  
QUARTERLY UPDATES

**PROCEDURAL HISTORY**

In 2001, the Minnesota Legislature passed Minn. Stat. § 216B.1691, setting renewable energy objectives for Minnesota investor-owned electric utilities, generation and transmission cooperatives, and municipal power agencies. The statute required these utilities, cooperatives, and power agencies to make good faith efforts to generate or otherwise secure enough electricity from qualifying renewable energy technologies to represent 10% of total retail electric sales by the year 2015.

In 2003, the Legislature amended the statute to require the Commission to supervise and facilitate these good faith efforts. Among other things, the 2003 amendments authorized the Commission to establish a program of tradable credits for electricity generated by eligible technologies; it also provided guidelines for any tradable credits system the Commission might establish.

On October 19, 2004, the Commission issued an Order opening a docket to examine tradable credit issues, including methods of tracking and trading credits across jurisdictions without double-counting.<sup>1</sup> The Commission directed that this examination make maximum use of work already underway on these issues:

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<sup>1</sup> *In the Matter of Detailing Criteria and Standards for Measuring an Electric Utility's Good Faith Efforts in Meeting the Renewable Energy Objectives Under Minn. Stat. § 216B.1691*, docket no. E-999/CI-03-869; *In the Matter of In the Matter of a Commission Investigation into a Multi-state Tracking and Trading System for Renewable Energy Credits*, docket no. E-999/CI-04-1616, Second Order Implementing Minn. Stat. § 216B.1691, Opening Docket to Investigate Multi-State Program for Tracking and Trading Renewable Credits, and Requesting Periodic Updates from Stakeholder Groups (October 19, 2004).

The Commission also concurs with the parties that it is important to make full use of the foundational research, policy analysis, data collection, and ongoing examination of these issues conducted by stakeholder participants in the Midwest Tradable Renewable Credits Workshops. These workshops have attracted and continue to attract a diverse group of stakeholders from the public, private, and public interest sectors, all with significant substantive and policy expertise, and all committed to working together to develop a framework for the interstate trading of renewable credits.

It is important to establish regular lines of communication with these stakeholders, both to avoid duplicating one another's efforts and to avoid missing promising lines of inquiry. The Commission will therefore ask the group's technical review committee, which performs the day-to-day work on tracking and trading issues, for quarterly updates on its work, as well as reports on breaking developments that might influence or inform the Commission's investigation. The Commission will ask its staff and the staff of the Department to liaise with the committee to facilitate these communications.

*Second Order* at 8.

On January 27, 2006, the Midwest Renewable Energy Tracking System Technical Committee filed its final report and recommendations. The Report summarized the Committee's efforts, provided a blueprint for a Midwest Renewable Energy Tracking System, and recommended proceeding with the formation of a multi-state Governance Committee to complete the development of the tracking system.

On February 2, 2006, the report and recommendations came before the Commission. No one opposed the recommendations, and the Minnesota Department of Commerce, which served on the Committee, supported them.

### **FINDINGS AND CONCLUSIONS**

The Commission concurs with the Department of Commerce that the report and recommendations of the Technical Committee hold great promise for developing a workable, credible, and efficient system for tracking renewable energy credits, including those traded across state boundaries.

The proposed system appears to be appropriately neutral on policy issues and appropriately rigorous on accounting issues. Its governing structure appears to provide the accountability and transparency required for an enterprise affected with the public interest. Its reliance on user fees for its operating budget appears to be both workable and equitable.

The Commission will accept the report and its recommendations, commending the Committee on its work and requesting continued quarterly updates as the Committee proceeds to implement the recommendations in its Report. As before, the Commission will ask its staff to liaise with the Committee to facilitate these communications.

The Commission will so order.

**ORDER**

1. The Commission hereby accepts the January 27, 2006 report and recommendations submitted by the Midwest Renewable Energy Tracking System Technical Committee.
2. The Commission requests that the Committee continue to provide quarterly updates on its work, to facilitate the Commission's work in this docket.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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