



# Public Service Commission

## State of North Dakota

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To: All Electric Service Providers in the State of North Dakota:

### Renewable Energy Credits (RECs)

Due to inquiries from both investor-owned utilities and cooperatives selling electricity in the state, I am writing to address the retirement of RECs for the year ending 2015.

In 2007, the North Dakota Legislature established a Renewable Energy Objective (REO) that 10% of all electricity sold at retail within the state by 2015 be obtained from renewable energy and recycled sources (NDCC 49-02-28). The REO is voluntary and there is no penalty or sanction for a retail provider that fails to meet the objective. Therefore, each provider can choose to retire RECs to meet the REO or sell them for the benefit of its customers.

Please note that the last annual report to the commission for the calendar year ending 2015 is due June 30, 2016 (NDCC 49-02-34). The report must include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales and a brief narrative report that describes steps taken to meet the objective over time and identifies any challenges or barriers encountered in meeting the REO.

It is not obvious that the REO continues beyond 2015, especially when considering that reporting requirements are no longer necessary after this year.

For the fully regulated investor-owned utilities, I strongly suggest that you establish a systematic program to sell all RECs remaining after 2015 and all REC's generated after 2015 for a number of reasons, including:

- Selling REC's have no effect on meeting the Clean Power Plan until 2022, if then.
- No penalties or sanctions.
- Benefits customers.
- Commission has provided informal guidance to sell the RECs.
- Absent the selling of REC's, staff may impute revenue for ratemaking purposes.

I hope this provides some assistance to you as you prepare your final report for the year ending 2015. If you have any questions, please feel free to contact me.

Sincerely,

Mike Diller, Director of Economic Regulation

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