



## **RENEW Wisconsin Status Update**

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### **Renewable Energy Credits (RECs)**

**Issue:** Renewable Energy Credits (RECs) are monetized “green attributes” of renewable generation and add value to the price paid for electricity through a separate market. The REC market is relatively new and untapped as a driver of economic growth in Wisconsin, though in some states REC markets are important players in the economic landscape.

REC markets and tracking systems were established in the mid 1990's in response to legislation requiring a set percentage of electricity to come from renewable generation. In Wisconsin, and in the MISO footprint, we use the Midwest Renewable Energy Tracking System (MRETS). The function of the tracking system is to register, track, and retire renewable generation for each MWh added to the grid (1 MWh = 1 REC). Generator owners are paid for their RECs over and above the price they are paid for the grid power.

Utilities are key subscribers to MRETS as they are required to retire the number of RECs equal to the percentage specified in their state renewable electricity standards, known as the **compliance** market.

These same mechanisms are applied to **voluntary** markets, whereby electric customers pay a “green power” premium for renewably sourced electricity. Many Wisconsin utilities offer “green pricing” programs. In Wisconsin alone, more than 43,000 households and businesses participated in green pricing programs in 2011. However, the RECs may be purchased from any renewable energy project nationwide, and thus do not necessarily encourage growth of renewable infrastructure within Wisconsin.

The **voluntary** REC market is also open to independent generators and electricity customers. Through local **independent** green power programs such as REpower Now, in-state generators sell RECs directly to electric customers that choose to purchase local renewable power. While the electricity is distributed through the utility service, independent renewable generators are directly compensated for the green attributes. This green power premium more accurately reflects the true value of clean renewable power compared to the true costs of fossil fuel generation to electric customers.

#### **Opportunities**

- ✓ Independent generators have access to added value from the REC market
- ✓ Electric customers have more choice and transparency about usage
- ✓ REC market is unregulated which provides flexibility and options in products and pricing
- ✓ Large voluntary markets can drive independent community-owned generation

#### **Challenges**

- ✓ Tracking systems are not tailored to independent generators and are difficult to navigate
- ✓ Educating potential customers about the workings and options of REC markets
- ✓ Shifting net metering policies and uncertainty in REC ownership

For **more information** about Midwest REC Markets:

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