

March 13, 2024

Minnesota Senate
Committee on Energy, Utilities, Environment, and Climate
Minnesota Senate Building, Room 1150
Saint Paul, MN 55155

RE: Senate File 4794 - Renewable Energy Certificate Tracking System appropriation

Dear Chair Frentz, Senator Dibble, and Committee Members,

RMI is a global non-profit focused on techno-economic pathways towards decarbonization, with the mission of transforming the global energy system to secure a clean, prosperous, zero-carbon future for all. Our teams work across the US on grid transformation, clean energy modeling, industrial decarbonization, and GHG accounting.

The RMI US Program would like to provide additional context on M-RET's efforts to develop its industry-leading tracking platform and support decarbonization goals in Minnesota and beyond.

Clean attribute tracking places a dollar value on environmental benefits through the trading of Energy Attribute Certificates (EACs) as a commodity, allowing renewable and carbon-free energy generators to access greater revenue for creating a “green” product. By providing M-RETS with additional funding, Minnesota could help enable current climate plans, attract corporate procurers with forward-looking climate targets, and enable transparency and price signals that support the next phase of the clean energy transition.

The US government is advancing “hourly matching”, a more accurate accounting standard that ensures that loads are procuring clean electricity across every hour of the day to account for the natural variability of clean resources like wind and solar. Decarbonization requires a portfolio approach, with each resource adding unique benefits to the grid. Hourly matching helps balance clean resources to ensure clean electricity availability across a given day by creating a price signal for complementary resources. It also has a clear reliability objective – ensuring that clean power is available when it is needed.

The best-in-class procurers require registry infrastructure that provides a higher level of granularity. Many of the largest corporations in the world are looking for 24/7 clean power when siting new data centers and industrial loads. Therefore, regions with hourly accounting capabilities can be more competitive when attracting new businesses and industry. In addition, industrial decarbonization (green hydrogen, direct air capture, clean heat, industrial electrification) requires demonstration of the use of low carbon power to trade these products as “clean” on global markets. Hourly accounting registries provide crucial data infrastructure

that enables clean claims across a variety of industries—enabling global competitiveness of clean products made in the US.

The M-RETS platform, covering the Midwest and the Western Interconnect, is a leading organization actively building this infrastructure. They have a proven track record and have expanded across the Midwest and West, with leading capabilities to advance registries so they can support clean energy buildout. As wind and solar become cheap and widely deployed, all states with ambitious climate goals will need advancements in data infrastructure to meet the unique demands of the mid-transition. Registries are created to implement innovative policies and meet these demands, and M-RETS has established itself as an organization able to quickly develop products and data infrastructure aligned with the latest research and in response to new policy.

With additional investment, M-RETS could support the following goals:

- 1) Hourly tracking required under the proposed Section 45V Green Hydrogen Production Tax Credit, helping verify that hydrogen produced in incentive programs is truly carbon free.
- 2) Integrating emissions data onto Renewable Energy Certificates (RECs) to provide enhanced reporting for Scope 2 emissions for industrial producers and energy purchasers across the Midwest.
- 3) Tracking grid electricity storage, a complex accounting question which will play a growing role within decarbonizing grids.
- 4) Support the deeper decarbonization of Minnesota's grid while ensuring balanced clean energy deployment to maintain reliability.

The foundation of an electrified zero carbon world requires accurate, usable, and productive electricity accounting. A rapid investment in electricity accounting systems could have an order-of-magnitude payback by enabling Minnesota to maximize investments from the Inflation Reduction Act (IRA).

Sincerely,

RMI US Program