Dear M-RETS Stakeholders,

2020 was a memorable year for most, including the M-RETS team. However, given all of the difficulties suffered including significant racial strife in our hometown of Minneapolis following the murder of George Floyd and everything else compounded by pandemic the M-RETS team endured. While the pandemic made remote work a necessity, M-RETS once again ended the year in a strong financial position.

In 2020 M-RETS issued 118,595,847 million RECs. M-RETS saw a 15% increase over 2019 vintage issuances. M-RETS also saw a 17% increase in the number of registered generators. Currently, M-RETS has 2,184 generators with an average nameplate capacity of 21 MW.

## Building a Stronger Organization

M-RETS adheres to the highest level of transparency, accountability, and integrity. As in years past, M-RETS received a clean, or unmodified opinion on its audited financials, the highest level of assurance possible by a certified public accounting firm. M-RETS continues to build upon that strength with the addition of two in-house software developers which will strengthen the ability of the organization to respond to market and user needs.

## Leadership

2020 was the first year that M-RETS operated the renewable thermal certificate (RTC) platform. Before the close of the year, ACT Commodities and Blue Source completed the first RTC transfer and retirement. The first claim was made on behalf of a fortune 50 company, you can find out more about this exciting accomplishment here.

M-RETS also saw incredible growth in its leadership in electric markets as well. In October M-RETS presented to the Minnesota Public Utilities Commission along with Holly Lahd from Target on the transformation of renewable energy market as goals transform from volumetric based (i.e., 100% renewable) to decarbonization goals (a reduction in CO2 compared to a baseline).

## Future Opportunities

During this year, M-RETS built the backbone to support hourly REC claims. M-RETS facilitated the first-ever hourly Renewable Energy Certificate ("REC") claim when Google finalized an hourly REC retirement in January 2021. This is an exciting first step in building out the data available in existing environmental commodity markets like RECs to help facilitate and

## Our Mission

M-RETS validates the environmental attributes of energy to serve as a trusted centralized gateway to environmental markets.

## Our Values

### Integrity
We strive for the highest standards of fairness and transparency in all that we do.

### Data-driven
Objective, accurate, and reliable information is central to everything we do, and we are guided by rigorous standards for data quality, research and analysis.

### Collaborative
We engage stakeholders to be inclusive, flexible and creative in accomplishing our goals.

### Solution-oriented
We are proactive and innovative in our focus to achieve the most streamlined and beneficial long-term solutions.

### Stewardship
We value responsible use of resources and foster affordability and cost-effectiveness.

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quantify efforts toward economy-wide decarbonization in both voluntary and compliance markets.

Certain consumers are demanding more granular data integrations on RECs such as hourly data to support evolving sustainability goals. These evolving goals place the highest value on quantifying the benefits of their decisions toward decarbonizing their environmental footprint.

As part of Phase 1, M-RETS accomplished the following:

1. Developed technical tools to collect hourly data beginning in January 2019. At publication, M-RETS has more than 60 million megawatts of hourly generation data and growing.

2. Created an accessible user interface ("UI") to both view hourly generation data in the system and download that data or access it via an application programing interface ("API").

3. Built advanced hourly reporting tools that allow users to aggregate hourly generation from multiple generators over time.

4. Built a retirement process that integrates hourly generation data into the process when a user retires a complete batch of RECs (i.e., not subdivided after issuance).

Hourly generation data access is an important first step in a multi-faceted process to establish data-driven renewable energy markets. In recognition of this, M-RETS suggests a four-phase process to work through the important market implications of the decisions necessary to achieve the growth of globally scalable data-driven renewable energy markets.

Phase two involves providing access to more granular energy market and emissions data. M-RETS hopes to begin working on this in Q1 and Q2 2021. Deciding what market data is important to integrate will depend not only on the availability, but also the accuracy and source of the data. There are important decisions to make within this phase, including whether to include estimated or modeled data.

Phase three involves working with voluntary and compliance market stakeholders to obtain consensus on how to manage the full lifecycle of hourly certificates to support more specific hourly accounting claims. M-RETS hopes to begin work on this in Q3 and Q4 2021. This phase will determine whether REC batches should be broken up and transacted in hourly or smaller increments.

Phase four involves providing a mechanism for more specific hourly claims to also include verified or estimated carbon data, and how to quantify decarbonization efforts on behalf of customers. M-RETs hopes to begin working on this phase in Q1 and Q2 of 2022. This may be a more controversial phase because it requires that stakeholders make important decisions on integrating hourly and other data into existing markets, and how both real and estimated emissions data is reported at the individual and grid level.

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The achievement of completing the first hourly retirement in a production REC platform is just the beginning. M-RETS plans to continue leading the development of a process that can scale globally to multiple consumers. M-RETS views this paper and the roll out of this achievement as a call to action for creating an advanced renewable energy commodity market built for and driven by increased data access.

## Conclusion

Even under tough circumstances globally and locally, M-RETS ended the year in a strong fiscal and operational position. Further, M-RETS continues to advance its role as a leader in the environmental attribute space by releasing new features and capabilities to support compliance and voluntary markets.

Sincerely,

*Benjamin L. Gerber*    *Eric Schroeder*

Ben Gerber, M-RETS President & CEO and
Eric Schroeder, Chair of the M-RETS Board of Directors

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# 2019 and 2020 Audited Financial Data
## Statements of Financial Position

| ASSETS | 2019 | 2020 |
|---|---|---|
| Cash | $1,907,819 | $2,203,534 |
| Accounts receivable | $127,777 | $110,978 |
| Prepaid expenses | $12,870 | $11,967 |
| Software and Equipment, Net | $150,125 | $100,001 |
| **Total assets** | **$2,198,591** | **$2,426,480** |

| LIABILITIES & NET ASSETS | 2019 | 2020 |
|---|---|---|
| Accounts payable | $37,725 | $62,828 |
| Accrued payroll and related | $57,033 | $72,896 |
| Deferred Revenue | $52,630 | $57,385 |
| Total liabilities | $147,388 | $193,109 |
| Unrestricted net assets | $2,051,203 | $2,233,371 |
| **Total liabilities and net assets** | **$2,198,591** | **$2,426,480** |

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## Statements of Activities and Changes in Net Assets
**for the years ended December 31, 2019 and 2020**

| REVENUE | 2019 | 2020 |
|---|---|---|
| Program Service Fees: Subscription fees | $400,909 | $406,725 |
| Program Service Fees: Issuance fees | $554,300 | $645,285 |
| Program Service Fees: Retirement fees | $747,224 | $784,845 |
| Total Program Service Fees | $1,721,193 | $1,861,426 |
| Other fees | $18,760 | $24,571 |
| Interest income | $13,312 | $15,228 |
| **Total Revenue** | **$1,734,505** | **$1,876,654** |

| EXPENSES | 2019 | 2020 |
|---|---|---|
| Program | $1,127,899 | $1,407,088 |
| Management and general | $255,350 | $287,398 |
| **Total Expenses** | **$1,383,249** | **$1,694,486** |

| | 2019 | 2020 |
|---|---|---|
| Change in net assets | $351,256 | $182,168 |
| Unrestricted net assets at beginning of year | $1,699,947 | $2,051,203 |
| **Unrestricted net assets at end of year** | **$2,051,203** | **$2,233,371** |

## Strategic Plan Through 2021

1. Build a stronger organization and improve organizational effectiveness

2. Expand core services and user base

3. Become the undeniable leader in environmental attribute tracking systems through operational and technical best practice

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