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## Energy and Telecommunications Interim Committee

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### 63rd Montana Legislature

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SONJA NOWAKOWSKI, Lead Staff  
TODD EVERTS, Staff Attorney  
JOY LEWIS, Secretary

April 24, 2014

**TO:** Energy and Telecommunications Interim Committee (ETIC) members

**FR:** ETIC staff

**RE:** Renewable Energy Credit (REC) reports in accordance with 69-3-2009, MCA

At the March 21 ETIC meeting members requested ETIC staff work with the Department of Revenue on potential revisions to the forms used for reporting renewable energy credits or certificates, also known as RECs in Montana. The Department of Revenue met with ETIC staff and a representative of the Public Service Commission in early April to discuss potential improvements to the reporting forms.

Based on the discussion, the Department of Revenue revised the forms, providing much more clarity to entities that will be required to fill out the form again in 2015. In addition, the department developed a comprehensive set of filing instructions for utilities, suppliers, and generators to use in completing the forms. A series of frequently asked questions were also added to the back of the form to provide the public and legislators with information about renewable energy credits and their role in meeting renewable portfolio standard requirements. The revised form is attached for the ETIC's review.

Montana law requires public utilities, rural electric cooperatives, competitive electricity suppliers, or owners of a renewable electrical generation facility to file a report with the Department of Revenue each year concerning the purchase or sale of renewable energy credits within Montana. The ETIC reviews the reports and, if necessary, submits recommendations regarding the use of renewable energy credits in Montana.

ETIC members were presented with the 2013 and 2014 reports at the March meeting. Because of a lack of consistency in reporting, and confusion concerning the reporting form, the ETIC requested the Department of Revenue revisit the form.

If you have questions about the revised form, please feel free to contact staff or the Department of Revenue at any time.

Sonja Nowakowski

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## Renewable Energy Credit Report

Use Form EREC to report your renewable energy credits that you purchased or sold during the calendar year. This report is due annually to the Department of Revenue on or before March 1st of each calendar year.

Name \_\_\_\_\_ 1. FEIN

Address \_\_\_\_\_ 2. Calendar year ending   /   /

Address \_\_\_\_\_ 3. If this is an amended report, check here

City \_\_\_\_\_ 4. If you address has changed, check this box

State \_\_\_\_\_ Zip \_\_\_\_\_

5. If your business does not, and will not in the future, purchase or sell renewable energy credits, check here. We will remove your business from our mailing list.

6. Types of entities that are required to file Form EREC. Select the "type of entity" from the list below and enter the corresponding letter type in line 7, column (i) for each purchase or sale of renewable energy credits.

**If your purchases and sales meet more than one entity type, report each transaction separately.**

- A) Public utility that buys renewable energy credits for the purpose of complying with 69-3-2004, MCA
- B) Competitive electricity supplier that buys renewable energy credits for the purposes of complying with 69-3-2004, MCA
- C) Cooperative utility for purposes of complying with 69-3-2008, MCA
- D) Owner of a renewable electric generation facility located in Montana that sells renewable energy credits

7. Type of entity (Indicate A,B,C, or D) (i)	Renewable energy credits purchased or sold		Renewable energy credits purchased or sold in a bundled or unbundled transaction		Renewable energy credits purchased or sold (see instructions on how to report your value)	
	Purchased (ii)	Sold (iii)	Bundled (iv)	Unbundled (v)	Volume (vi)	Value (vii)
a) <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
b) <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
c) <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
d) <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
e) <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
f) <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____

Signature \_\_\_\_\_ Title \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Date \_\_\_\_\_

# FORM EREC INSTRUCTION – RENEWABLE ENERGY CREDIT REPORT

These instructions are to help you prepare your report. If you have questions about Montana's Renewable Energy Credit Report, please call us toll-free at (866) 859-2254; in Helena at 444-6900, or visit our website at [revenue.mt.gov](http://revenue.mt.gov) for detailed instructions.

## Filing Instructions

**When and where to file.** Your renewable energy credit is due on or before March 1st for the previous calendar year.

Please mail your original report to Montana Department of Revenue, PO Box 5835, Helena, MT 59604-5835.

**Penalty.** If your report is not filed by the due date, a penalty of \$1,500 will be assessed.

## Specific Instructions

**Lines 1 and 2.** Please provide your FEIN and period ending date.

**Line 3.** If you are amending a prior return, place an "X" in the box provided.

**Line 4.** If your mailing address has changed, place an "X" in the box and print your address in the space provided.

**Line 5.** If your business does not, and will not in the future, purchase or sell renewable energy credits, place an "X" in the box provided. Check this box only if your business is not required to file this report, and we sent it to you in error.

Do not place an "X" in this box if you are responsible for filing this form, but you did not purchase or sell renewable energy credits this calendar year reporting period.

**Line 6.** List of entity types that are required to complete Form EREC. If your entity purchases or sells renewable energy credits that meet one or more of the types listed below, report these transactions separately on line 7.

[For example, if your business is Entity Type A) a public utility that buys renewable energy credits and also Entity Type D) an owner of a renewable electric generation facility that sells renewable energy credits, complete line 7a, reporting the activity as a public utility and line 7b, reporting as an owner who sells renewable energy credits.]

**Line 7.** Report each renewable energy credit transaction separately indicating for each transaction if it was a purchase or sale of renewable energy and if the purchase or sale was within a bundled or unbundled transaction (line 7, columns i through v). Enter on line 7, column vi the number of credits bought or sold and in column vii, the price of these credits.

If your business buys or sells renewable energy credits in a market where the price of the credit is not publicly disclosed, you are not required to disclose the price in column vii, instead enter the market where these credits

were purchased or sold. See exceptions in 69-3-2010, MCA.

## Renewable Energy Frequently Asked Questions

### What is a renewable energy credit (REC)?

- A REC is a measure that acknowledges the production of energy from renewable energy sources has been generated and delivered onto the power grid.

### How are RECs created?

- A REC is created when 1 megawatt of power has been generated by renewable energy sources and delivered onto the power grid.

### What are some examples of sources of power that possibly qualify for RECs?

- Solar, wind, geothermal, hydro-power, and biomass

### What kind of information do RECs include?

- RECs generally include the following information:
  - The date the REC was created
  - The date the generator was built
  - The generator's location
  - The renewable generation's associated greenhouse gas emissions
  - The RECs eligibility for certification or renewable portfolio compliance

### Why are RECs created?

- RECs are created to memorialize or acknowledge that a certain amount of power delivered onto the power grid has come from renewable resources.

### Why recognize renewable energy sources introduced on the power grid?

- It is important to recognize the amount of power generated and delivered onto the power grid because of Montana's Renewable Portfolio Standards (RPS). The state RPS requires that a percentage of some entity's electricity generation come from renewable resources. RECs identify the amount of renewable energy produced.

### Why are RECs bought and sold?

- Generally, RECs are bought and sold so that utilities and competitive electricity suppliers can meet their RPS requirements.