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MICHIGAN RENEWABLE ENERGY CERTIFICATION SYSTEM ANNUAL REPORT FOR 2023-2024

Per the approved Department of Energy, Labor and Economic Growth Agreement, and under the Amended contract made by the Department of Licensing and Regulatory Affairs that designates APX, Inc. (APX) as the State of Michigan Administrator of the Michigan Renewable Energy Certification System (MIRECS), APX submits the following Annual Report for the period of July 1, 2023 through June 30, 2024 (Year-15). This report provides an update on MIRECS operations and trends over the course of the Year-15, as well as a financial review of revenues and expenses – compared to the budget across that period – and an operating budget forecast for the next operating period.

OPERATIONS

Account Registration

In Year-15, there were 10 new Accounts approved into the MIRECS and the total number of active MIRECS Accounts grew to 173. The changes in the total number of accounts were also affected by the updates of existing Accounts, including one Project Account upgrading to a General Account. The 10 new Accounts are made up of six General Accounts and four Project Accounts.

TABLE 1: MIRECS ACCOUNT REGISTRATIONS

Registration	Total Accounts in MIRECS (end of Year-14)	New Accounts in MIRECS (during Year-15)	Total Accounts in MIRECS (end of Year-15)
Accounts	QTY	QTY	QTY
General	30	6	37
Import Certification Account	2	0	2
Michigan Electric Service Provider	70	0	70
Non-Profit Wholesale Power Provider	4	0	4
Project	39	4	42
Qualified Reporting Entity (QRE)/ Verifier	15	0	15
Retail Purchaser Account	3	0	3
Total Accounts	163	10	173



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Project Registration

In Year-15, there were 13 new projects registered in the MIRECS. During this year, most of the new project registrations were conventional generators as the MIRECS had only one new import project and no EWR projects registered.

Of the 13 projects registered in Year-15, 10 were approved into the MIRECS and of the remaining three projects, two were in a need-info status, and one was in a pending status. These 10 new approved projects utilize one of the following four technologies: Hydro (one), Landfill Gas (one), Solar Non-IREC (seven), or Wind (one).

The total import projects approved in the MIRECS increased by two during the year as one new import project was approved, and another was re-activated. Recently expanded Import rules in Michigan are likely to drive increased import project registration in the future as any MISO based project is now eligible in the MIRECS.

Taking all this activity in aggregate, the net total quantity of approved or need info projects in MIRECS increased from 326 to 339 in Year-15.

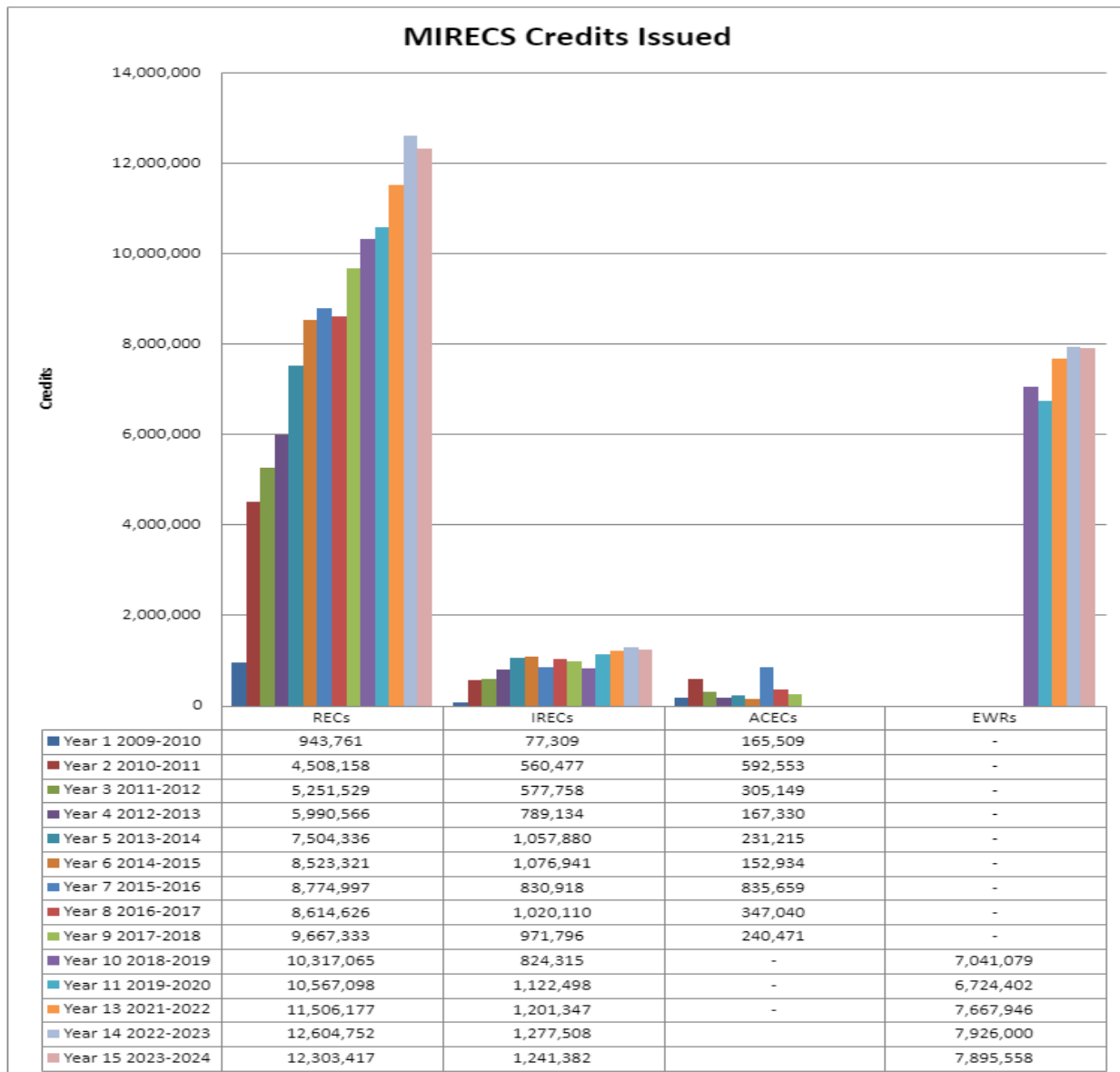
TABLE 2: MIRECS PROJECT REGISTRATIONS

Registration	New Projects Registered (during Year-14)	New Projects Registered (during Year-15)	Total Projects Approved in the MIRECS (as of the end of Year-15)
Projects	QTY	QTY	QTY
MIRECS Generation	11	12	250
Import	0	1	74
EWR	0	0	15
Thermal	0	0	0
Total Projects	11	13	339

Issued Credits

In Year-15, the total quantity of Credits issued in MIRECS was 21,440,357 and this total presents the second largest annual issuance in MIRECS history. This annual total was slightly lower than the all-time record which was set last year in the amount of 21,808,260. This second highest historical issuance total applies to RECs, IRECs and EWR Credits. Additionally, the increase was supplemented by an influx of several large new generators into the MIRECS as four projects of 20 MWs and three over 100 MWs started issuing Credits in Year-15.

TABLE 3: MIRECS CREDIT ISSUANCE¹



¹ The issued ACECs in year 9 were for a time period prior to April 2017. No ACECs were issued for the time period after April 2017 in MIRECS.



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Retired Credits

In MIRECS, a retirement is an action taken to remove a Credit from circulation and is effectuated by transferring Credits into a Retirement Sub-Account, a Group Retirement Sub-Account, or Portfolio/Compliance Sub-Account. An Account Holder can retire Credits for either Renewable Energy Compliance, EWR Compliance, or for Voluntary purposes.

Renewable Energy (RE) Portfolio* Retirements

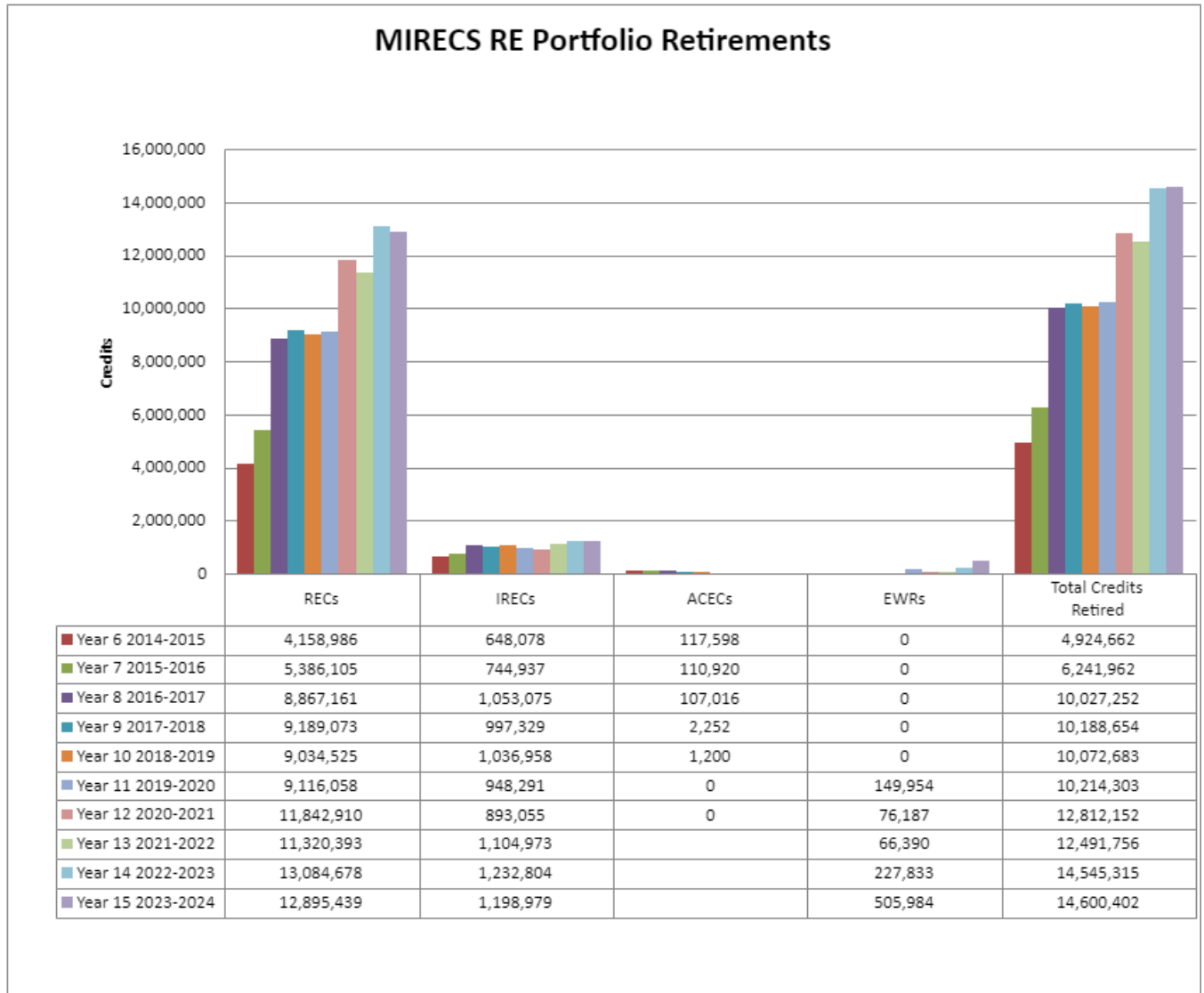
*Note – In Year-15, the MIRECS was updated to change the term Compliance to Portfolio. This was done to reflect the transition to an advisory obligation by the state of Michigan for the sum of the Credits achieved by a provider in a particular year.

In Year-15, Michigan Utility Service Providers submitted 2022 RE Portfolio filings to satisfy their respective PA 295 Portfolio requirements (formally known as Compliance). All participating Michigan Utility Service Providers submitted eligible Credits to their 2022 RE Portfolio Sub-Accounts through the MIRECS. The Michigan Public Service Commission (MPSC) reviewed and approved the completed Sub-Account submissions, and the MIRECS Credits were retired for RE Portfolio. As shown in Table 4 below, over 14.6 million MIRECS Credits were retired for Michigan RE Portfolio in Year-15.

The 14,600,402 Credits are slightly more than last year and represent the largest total ever retired for RE Portfolio. MIRECS RE Portfolio retirements have been steadily increasing almost every year in the MIRECS; the main contributor to recent growth in Portfolio retirements has been the increase in the recommended percentage to 15%. Also, Year-15 marked the fifth time EWR Credits could be used as part of a RE Portfolio submission within MIRECS and over 500,000 EWR Credits were substituted for RE Portfolio.

Although RE Compliance obligation sunset after 2021 for many of the providers, nearly all entities proceeded with completing their 15 % obligation as a Portfolio submission. Michigan's 2023 state law reestablished this obligation for all Michigan Utility Service Providers.

TABLE 4: MIRECS RENEWABLE ENERGY (RE) PORTFOLIO RETIREMENTS





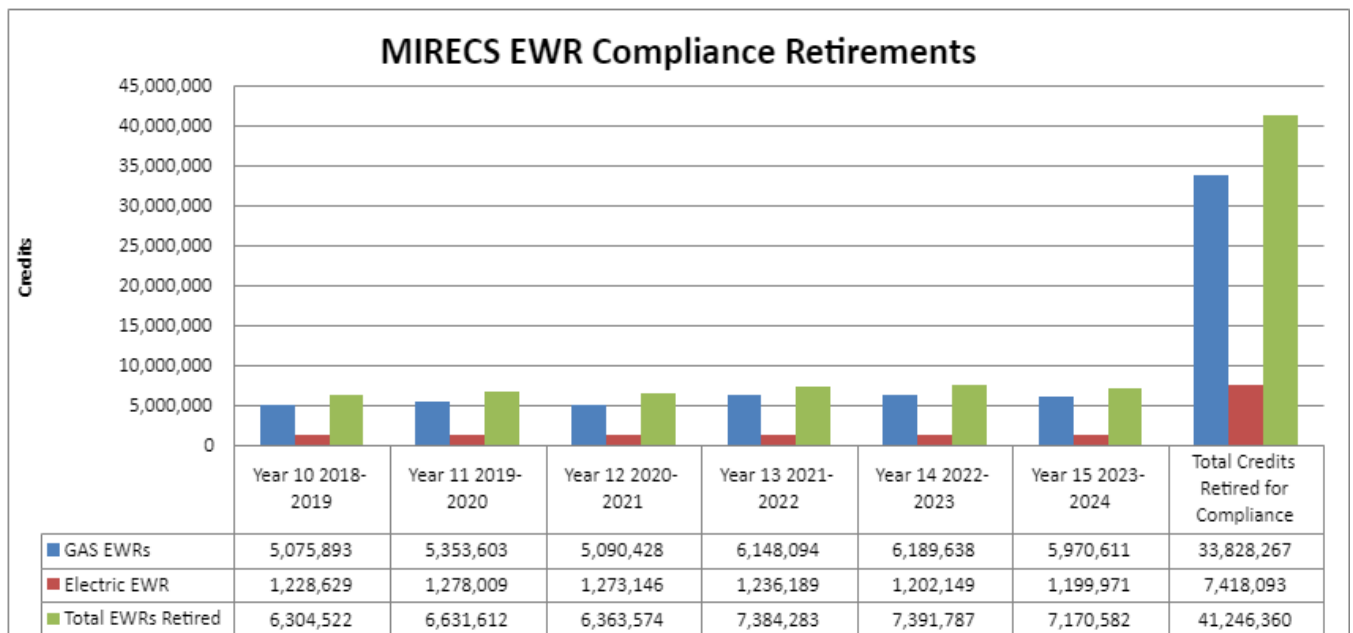
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Energy Waste Reduction (EWR) Compliance Retirements

Year-15 marked the sixth year of the requirement to complete EWR submissions to the MPSC through the MIRECS (pursuant to Section 87 of the Public Acts of 2016: Act No. 342). There are two types of EWR Compliance requirements (Gas and Electric) and nine participating Michigan Utility Service Providers.

In Year-15, EWR requirements were submitted for the 2022 Compliance year. As seen in Table 5 below, Gas EWR Credits continue to make up the majority of EWR Compliance submissions. Additionally, both Certificates retired for 2022 EWR Gas Compliance and EWR Electric Compliance were slightly lower in Year-15 (as compared to Year-13 and Year-14) and the overall EWR Compliance total in Year-15 was 7,170,582. This was the third year in a row in which EWR Compliance retirements were over 7.1 million.

TABLE 5: MIRECS EWR COMPLIANCE RETIREMENTS





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Voluntary Retirements

In Year-15, a total number of 2,200,985 Credits were voluntarily retired in the MIRECS. The Credits were voluntarily retired against one of three different retirement types: “Retired on Behalf of Beneficial Owner”, “Used by Account Holder for a Utility Green Pricing Program”, and “Other” (e.g., “Expired MI Eligibility” or “For Environmental Benefit”).

In Year-15, the total number of voluntary retirements did not grow for first time since the seventh year of the MIRECS and broke a streak of seven consecutive years of increased voluntary retirements. However, Year-15 still had the second most voluntary retirements in MIRECS history and was 99% of the record set in Year-14. In fact, Year-15 eclipsed the 2.2 million total for the second straight year and again was nearly double the previous record set in Year-13. It is worth noting that prior to Year-13, the most voluntary retirements in the MIRECS were 501,544, so we can see this year’s total of 2,200,985 is more than quadruple the total from just three years ago.

The main contributor to this trend continues to be the growth in voluntary retirements that are used by Account Holders for a Utility Green Pricing Program (UGP). Additionally, Year-15 exceeded last year’s significant increase in Credits used for Retired on Behalf of Beneficial Owner (BBO).

TABLE 6: MIRECS VOLUNTARY RETIREMENTS

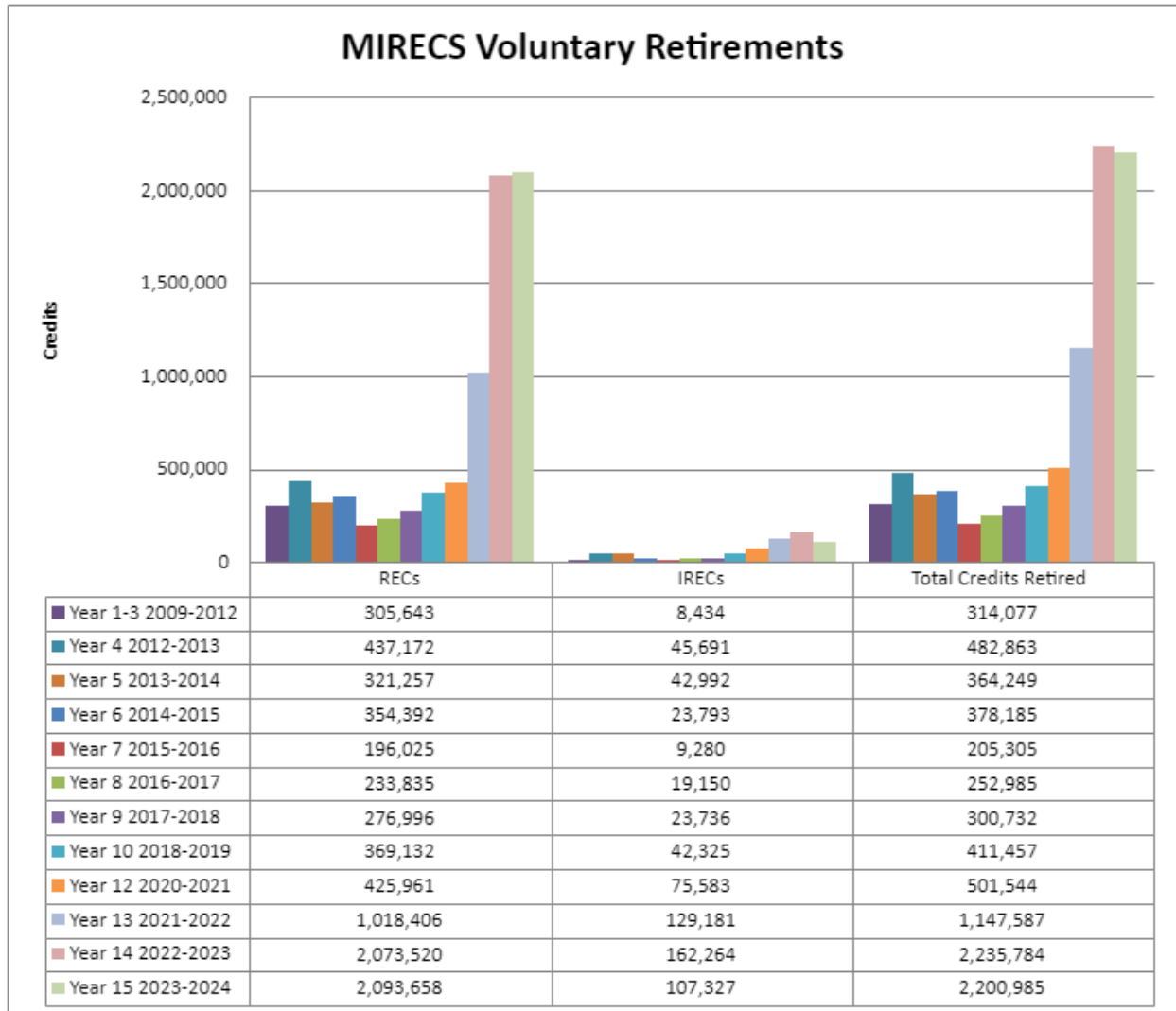
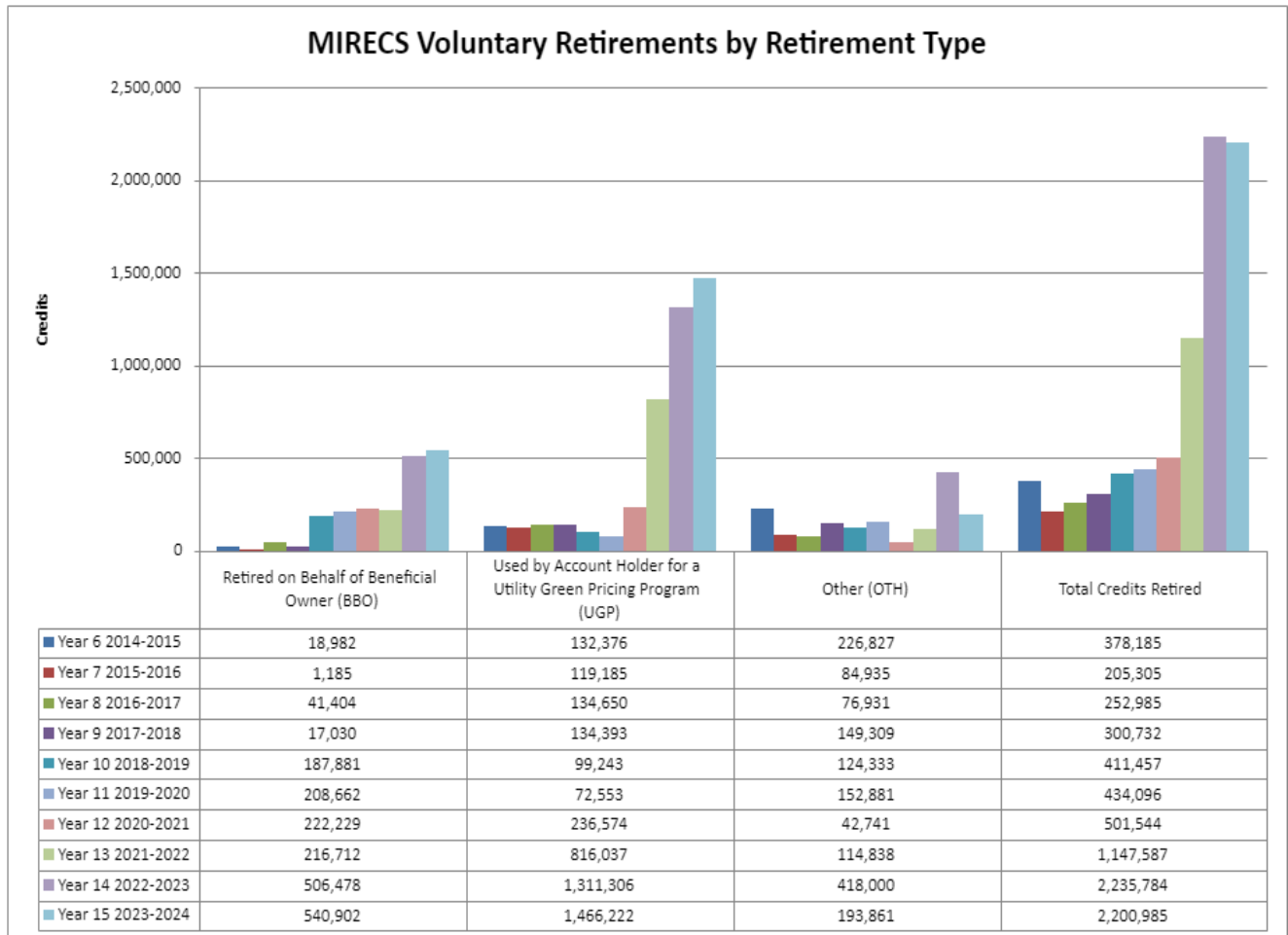


TABLE 7: MIRECS VOLUNTARY RETIREMENTS BY RETIREMENT TYPE IN YEAR-15²

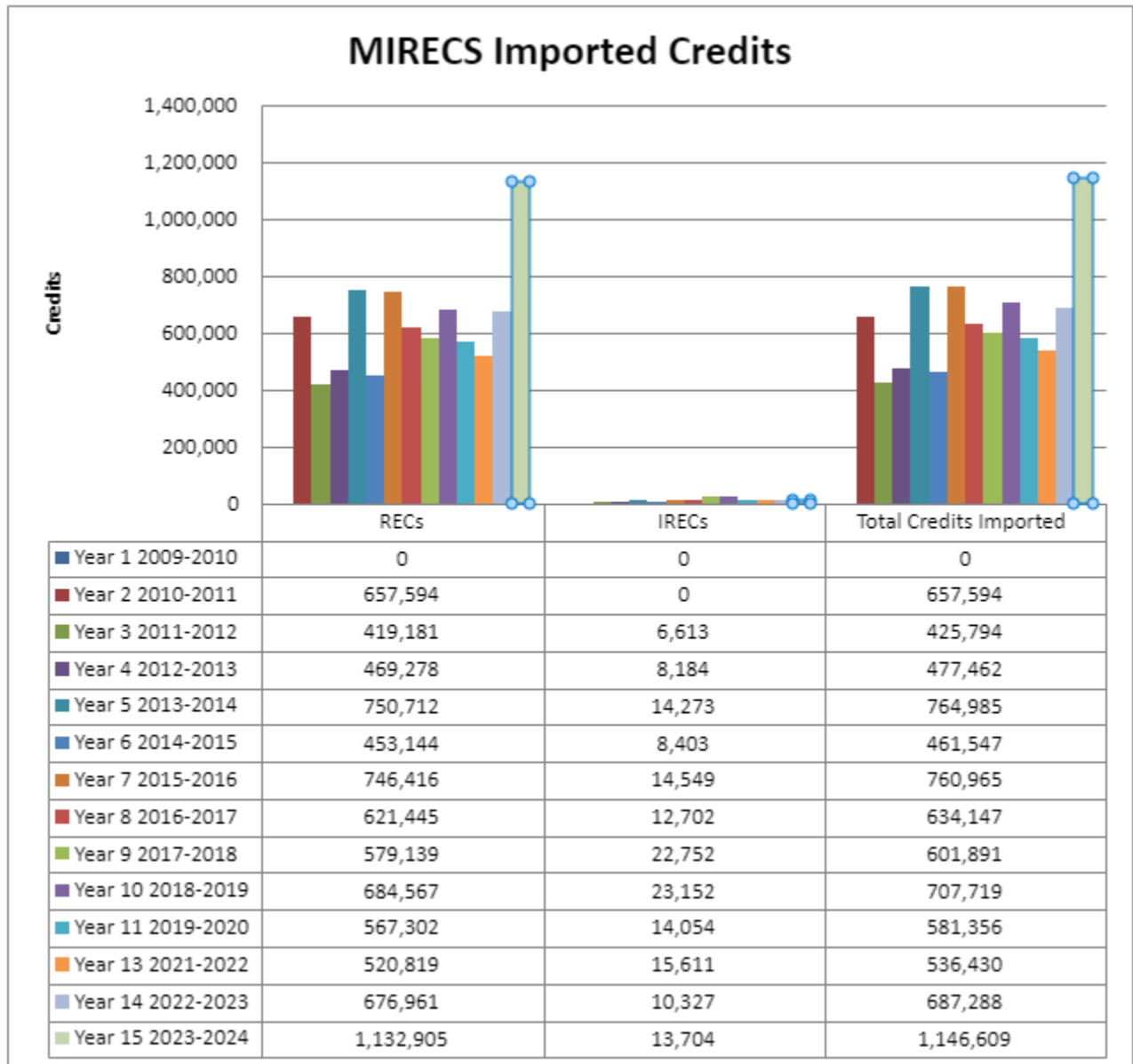


² The data in the Table 7 column for “Other” combines the following retirement types: Other (OTH), Credit-only (RECS), and Energy Optimization Substitution (EOS).

Imported Credits

In Year-15, 1,146,609 Credits were imported into the MIRECS from other compatible tracking systems. MIRECS imported 829,740 Credits from PJM-GATS and 316,869 Credits from M-RETS. The number of Credits imported into MIRECS was 67% higher in Year-15, as compared to Year-14, and these imported Credits amount is an all-time high for the MIRECS Registry. A key driver of this year's substantial increase is the new Michigan legislator that now makes all MISO generators eligible in the MIRECS.

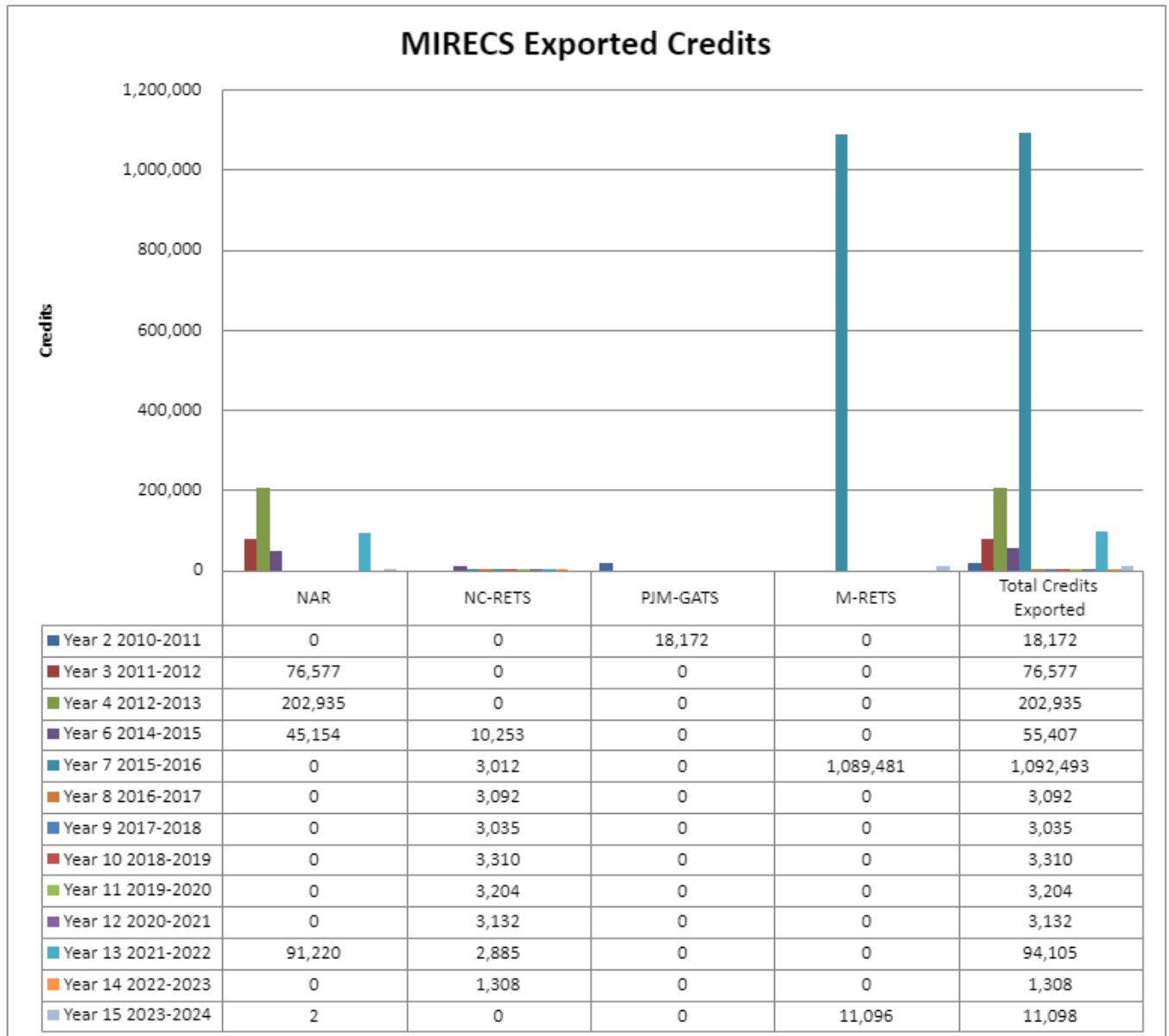
TABLE 8: MIRECS CREDITS IMPORTED



Exported Credits

In Year-15, 11,098 Credits were exported to other compatible tracking systems. In the last seven years, the MIRECS has only experienced more than 3,500 Credits exported one time (94,000 in Year-13) and this year continues the trend of limited exports. As shown in Table 9 below, almost all Credits were exported to M-RETS and annual MIRECS exports are expected to remain relatively low in the coming years.

TABLE 9: MIRECS CREDITS EXPORTED





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MIRECS Website

The MIRECS website continues to be available to users online 24 hours a day, 7 days a week. During Year-15, MIRECS experienced minimal unscheduled downtime.