

July 28th 2011

Subject: MIRECS Annual Financial Report

Michigan Public Service Commission Staff:

Per the MIRECS contract with APX Inc, an NYSE Blue Company, NYSE Blue submits the following Annual Report for the contract period of July 10, 2009 through June 30, 2011.

This Annual report to the Michigan Public Service Commission serves to provide an update on MIRECS Operations over the course of 2009-2010 as well as a financial review of revenues and expenses compared to the budget. Details of this financial review were provided separately to the MI PSC as confidential documents. The budget approved in the contract between APX, Inc. and the State of Michigan was based on the first year of Operations from July 2009 through June 2010 instead of a calendar year. This financial report accounts for 24 months of operations beginning July 2009 and ending June 2011. We refer to these as the 2009 and 2010 budget years. Future annual reports will continue to be submitted to the MPSC in July of each calendar year.

Since the launch of MIRECS, we have experienced significant usage of the system:

Registration	
Accounts	QTY
General	11
Project	22
Michigan Electric Service Provider	43
Non Profit Wholesale Power Provider	4
Total Accounts	80

Projects	
Projects	QTY
MIRECS Generation	105
Import	11
Total Projects	116

Issuance and Retirement	
Credits Issued	Qty
RECS	6,792,218
IRECS	711,917
ACECS	943,004
Total Credits Issued	8,447,139

Credits Retired	QTY
RECS	223,575
IRECS	4,810
ACECS	0
Total Credits Retired	228,385

We have developed strong relationships with account holders and continue to strive to offer the highest level of customer service possible. Together with the MPSC, we have developed MIRECS into a platform which meets the requirements of Michigan Statute PA 295. In September 2010, MI PSC and NYSE Blue hosted a MIRECS In-Person Stakeholder Meeting. Many MIRECS users attended and provided positive feedback regarding the system and customer service provided by the MIRECS Administrator. Furthermore, MIRECS has been online and available to users 24 hours a day, 7 days a week with no downtime.

A couple of specific details to highlight for the 2009/2010 operations of MIRECS:

Enhancements:

A significant amount of administrative and development work was done in 2009 and 2010 resulting in 200 additional hours of enhancements to the base software. The enhancements accommodate the additional functionality as required under the Michigan Statute PA 295, the State of Michigan's Case No. U-15800 and by direction from the Michigan Public Service Commission staff. These enhancements included:

- Addition of new credit types: Incentive Credits and Advanced Cleaner Energy Credits
- Import/Export functionality with PJM GATS, M-RETS and NAR
- New facility types: Aggregation Projects and Import Projects
- New account types: Non-Profit Wholesale Power Provider and Import Certification Account
- Michigan Compliance workflow functionality including new compliance subaccount type

2009/2010 Expenses:

The budget for expenses followed closely to actual expenses. We believe only minor modification to the budget is required for future operational periods. Differences from budgeted to actual expenses are explained below:

- Software Enhancements— Several major enhancements were implemented to accommodate requirements under PA 295 and additional functionality requested after the Compliance Functionality User Acceptance Testing. These enhancements include Imports/Exports, compliance functionality and regulator reports. We logged an additional 200 hours of development than originally budgeted.
- Client Administration— Client Administration slightly exceed the budgeted hours in the first year of operations due to the initial registration and verification of the new MIRECS Account Holders. Client Administration in the second year of operations through December 2010 fell within the expected budget.

- Marketing/Training— the original proposed budget for the first year of operations included separate budget items for Marketing and Training Materials. The Training Material budget has been merged with the Marketing budget and it is being reduced to meet actual expenses.
- MISO Data—MISO amended the existing contract between APX and MISO, whereby APX is provided with MISO settlement data for participating MIRECS generators. As part of this agreement, MISO will be charging APX based on the quantity of generators registered in MIRECS that use MISO as a Qualified Reporting Entity. MISO's charges are increasing in 2011 and it is expected MIRECS' 2011 MISO Invoice will be approximately \$4200 depending on whether any additional MISO projects register this year.
- Bi-Annual Audit— A Bi-Annual Audit has not been scheduled. NYSE-Blue will work with the MI PSC Staff to schedule an Audit per the requirements in the contract between NYSE Blue and the State of Michigan pursuant to the Contract (sec 2.112)

We look forward to our continuing work with MIRECS subscribers and the MI PSC.

Regards

Bryan Gower
MIRECS Administrator
NYSE Blue