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MICHIGAN RENEWABLE ENERGY CERTIFICATION SYSTEM ANNUAL REPORT FOR 2018-2019

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 designate 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, 2018 through June 30, 2019 (Year 10). This report provides an update on MIRECS operations and trends over the course of Year 10.

Please note the most significant change to MIRECS in Year 10 was the introduction of tracking and Compliance for Energy Waste Reduction (pursuant to Section 87 of the Public Acts of 2016: Act No. 342).

OPERATIONS

Account Registration

In Year 10, there were six new Accounts approved into MIRECS and the total number of active MIRECS Accounts grew to 144. The changes in the total number were also affected by the updates of existing Accounts, including: one General Account closing, one Project Account reactivating, and one Project Account upgrading to a General Account. The six new Accounts include one Qualified Reporting Entity (QRE), one Project Account, two General Accounts, and two new Michigan Utility Service Providers, which were registered to participate in the new Energy Waste Reduction program.

TABLE 1: MIRECS ACCOUNT REGISTRATIONS

Registration	New Accounts in Year 9	New Accounts in Year 10	Total Accounts in MIRECS (end of Year 10)
Accounts	QTY	QTY	QTY
General	2	2	17
Import Certification Account	0	0	2
Michigan Utility Service Provider	1	2	72
Non-Profit Wholesale Power Provider	0	0	4
Project	3	1	36
Qualified Reporting Entity (QRE)	0	1	13
Retail Purchaser Account	1	0	1
Total Accounts	7	6	144

Project Registration

In Year 10, 25 new projects were registered in MIRECS. These include nine conventional renewable energy projects, zero Imports, and one of the new thermal project types. The majority of the new project registrations were Energy Waste Reduction projects, which were new to MIRECS in year 10. Of the 25 new projects registered in Year 10, 20 were Approved into the MIRECS and the remaining five were in either Pending or in a Need Info status as of the end of Year 10. These 20 new projects utilize one of the following six technologies: Electric Savings (9), Gas Savings (6), Landfill Gas (1), Solar Non-IREC (2), Thermal (1) or Wind (1).

In year 10, four previously closed projects were reactivated and 11 MIRECS Generation projects were closed upon request. With this aggregated increase, the total quantity of registered projects in MIRECS increased to 314.

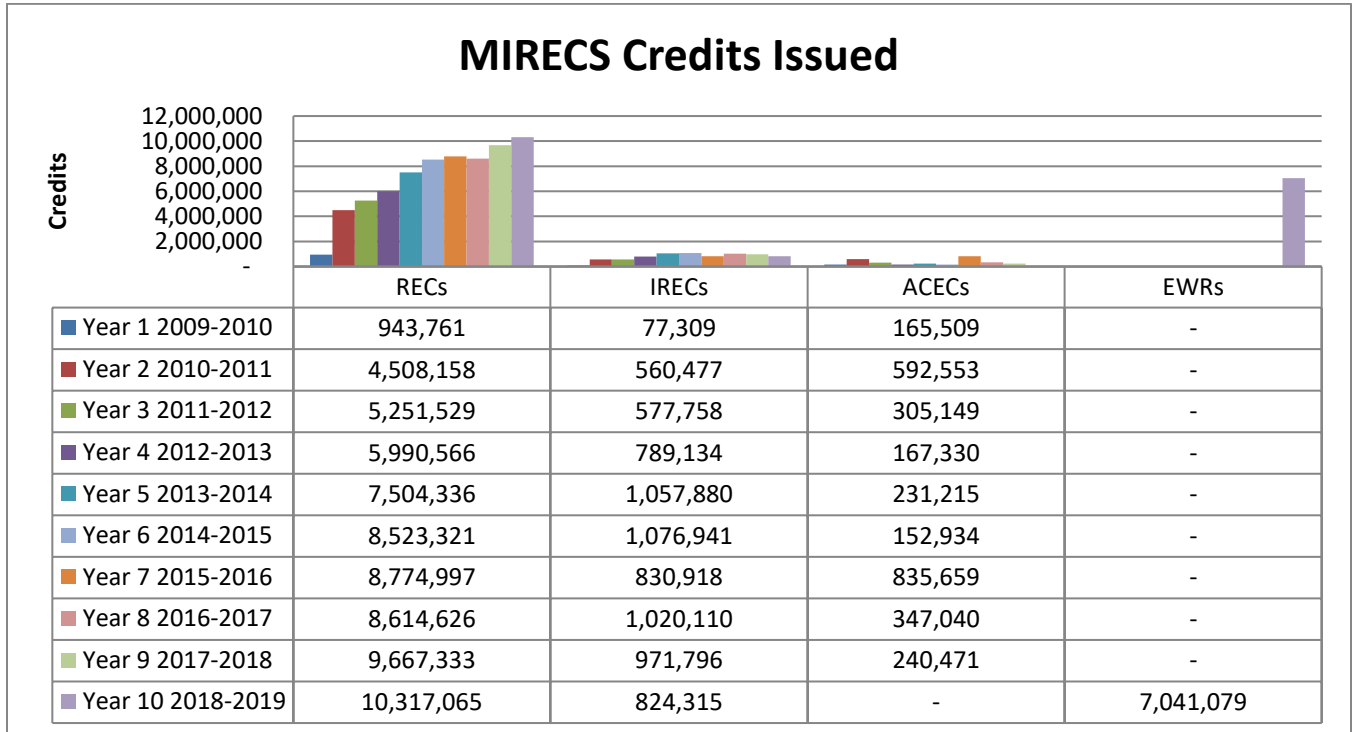
TABLE 2: MIRECS PROJECT REGISTRATIONS

Registration	New Projects in Year 9	New Projects in Year 10	Total Projects in MIRECS (end of Year 10)
Projects	QTY	QTY	QTY
MIRECS Generation	8	4	230
Import	5	0	68
EWR	N/A	15	15
Thermal	N/A	1	1
Total Projects	13	20	314

Issued Credits

In Year 10, the total quantity of Credits issued in MIRECS was 18,182,459. The number of total Credits issued in Year 10 was nearly double that of the previous year. The main contributor to this increase was the inclusion of new Energy Waste Reductions (EWR) Credits, which were issued for the first time in Year 10.

TABLE 3: MIRECS CREDIT ISSUANCE¹



¹The 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.

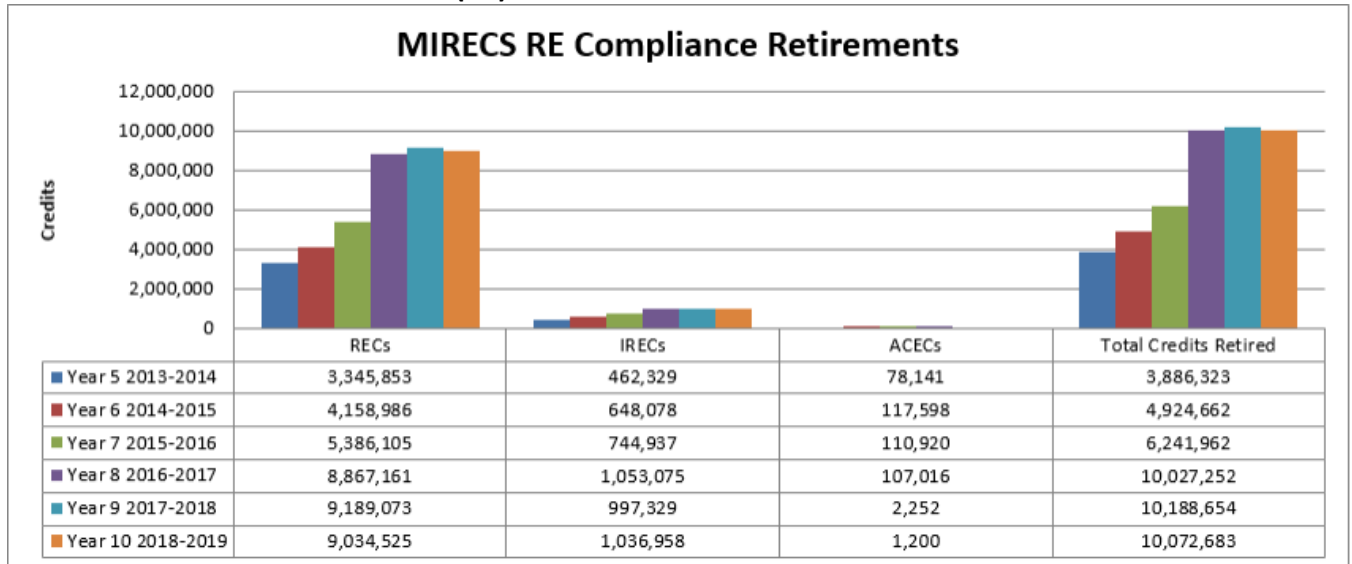
Retired Credits

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

Renewable Energy (RE) Compliance Retirements

In Year 10, Michigan Utility Service Providers submitted 2017 RE Compliance Filings to satisfy their respective PA 295 requirements. All Michigan Utility Service Providers submitted eligible Credits to their 2017 RE Compliance Sub-Accounts through MIRECS. The Michigan Public Service Commission (MPSC) reviewed and approved the completed Sub-Account submissions, and the MIRECS Credits were retired for RE Compliance. As shown in Table 4 below, over 10 million MIRECS Credits were retired for Michigan RE Compliance in Year 10. There was a slight decrease in RE Compliance Retirement activity in Year 10 compared to Year 9.

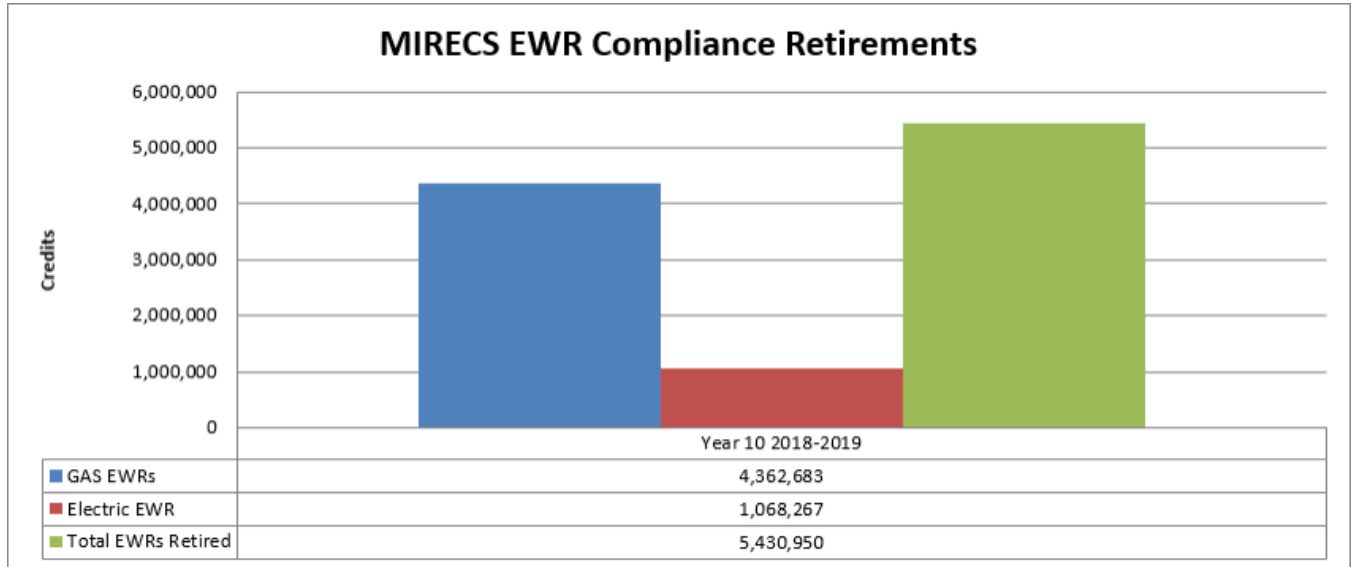
TABLE 4: MIRECS RENEWABLE ENERGY (RE) COMPLIANCE RETIREMENTS



Energy Waste Reduction (EWR) Compliance Retirements

New to MIRECS in Year 10 was the requirement to complete EWR submissions to the MPSC through MIRECS (pursuant to Section 87 of the Public Acts of 2016: Act No. 342). There are two EWR Compliance Requirements (Gas and Electric) and 11 participating Michigan Utility Service Providers. Gas EWR Credits make up the majority of EWR Compliance requirements, as seen in Table 5 below.

TABLE 5: MIRECS EWR COMPLIANCE RETIREMENTS





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Voluntary Retirements

In Year 10, a total number of 411,457 Credits were voluntarily retired in MIRECS. The Credits were voluntarily retired against one of four different retirement types: Retired on Behalf of Beneficial Owner, Used by Account Holder for a Utility Green Pricing Program, Credit-only Product, and Other (Expired MI Eligibility or For Environmental Benefit). The total number of Voluntary Retirements in Year 10 was significantly larger than the previous year and was the largest voluntary retirement total since Year 4. The main contributor to this change was a large increase to Voluntary Retirements that were made on behalf of a Beneficial Owner (third party environmental benefit).

TABLE 6: MIRECS VOLUNTARY RETIREMENTS

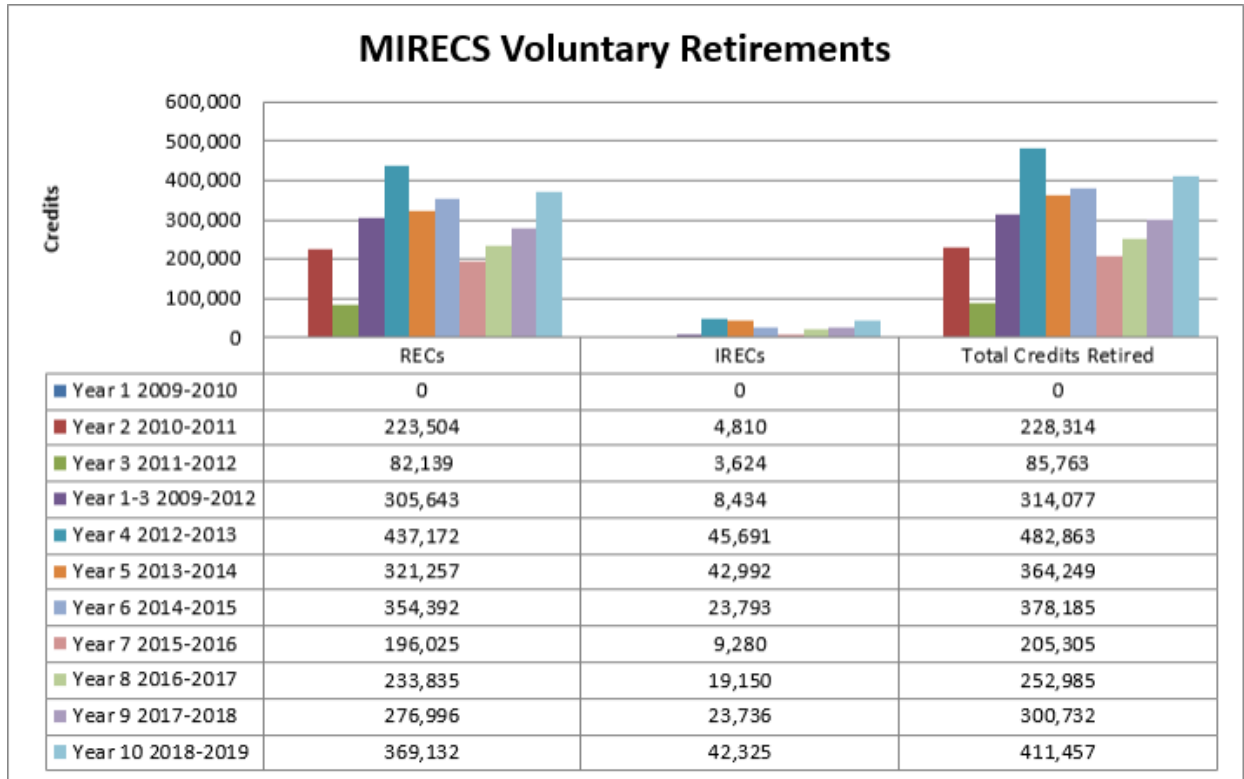
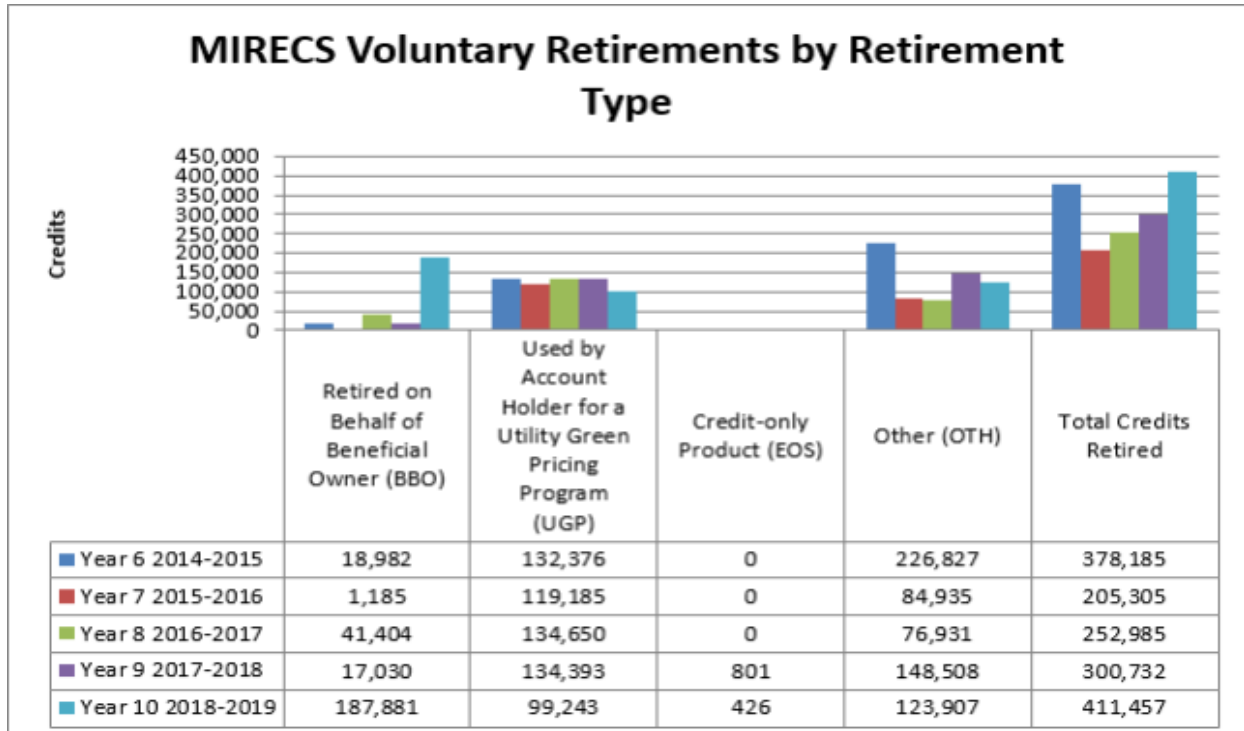


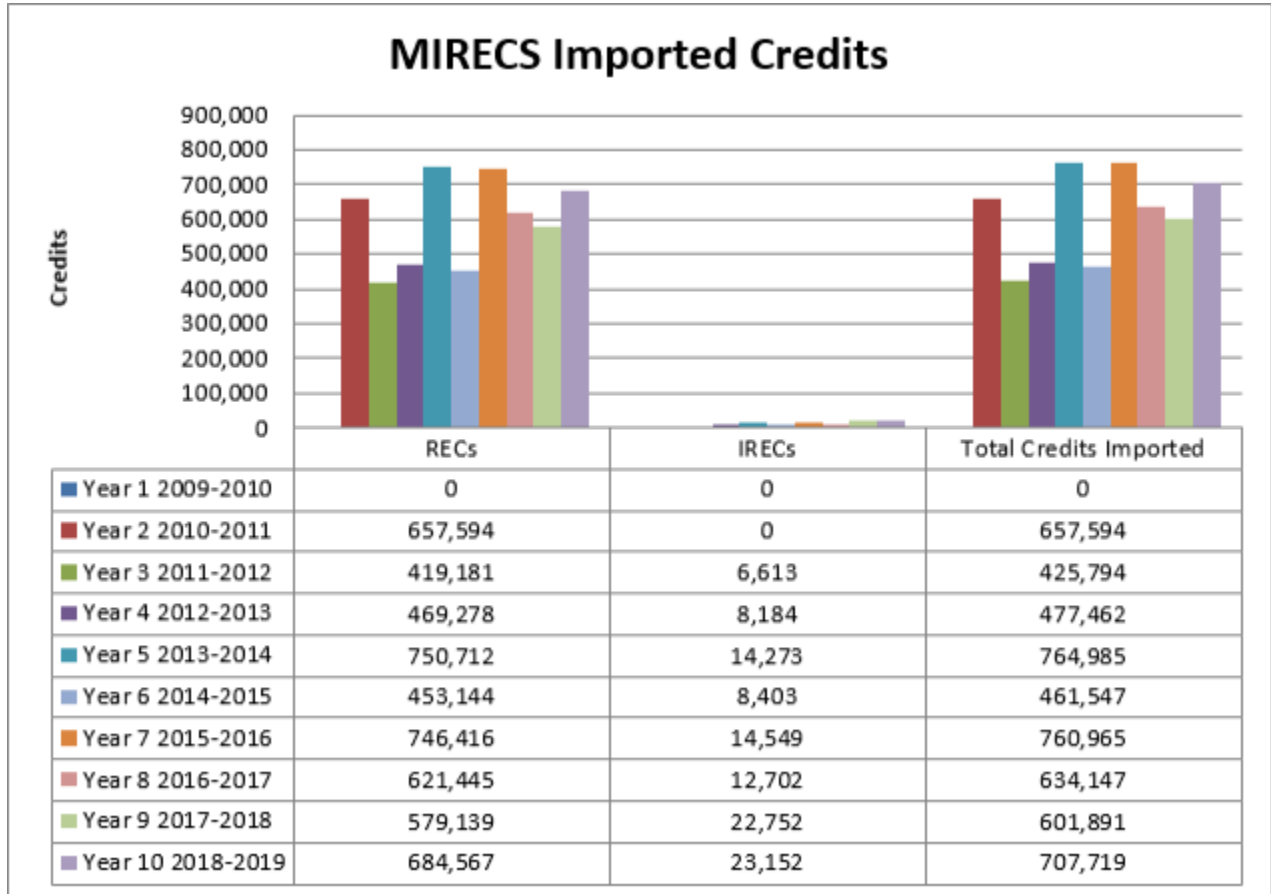
TABLE 7: MIRECS VOLUNTARY RETIREMENTS BY RETIREMENT TYPE IN YEAR 10



Imported Credits

In Year 10, a total number of 707,719 Credits were imported into MIRECS from other compatible tracking systems. MIRECS imported 478,886 Credits from PJM-GATS and 228,833 Credits from M-RETS. The number of Credits imported into MIRECS was higher in Year 10, as compared to Year 9.

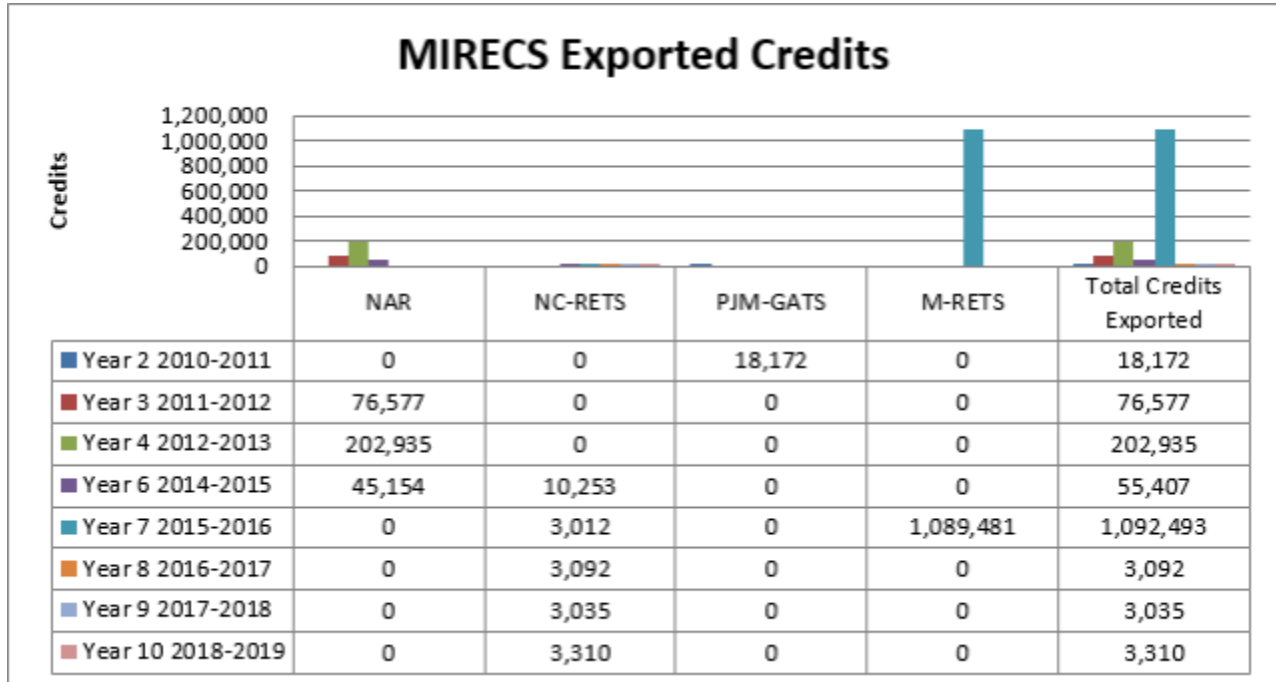
TABLE 8: MIRECS CREDITS IMPORTED



Exported Credits

In Year 10, a total number of 3,310 Credits were exported to other compatible tracking systems. As shown in Table 9 below, all the Credits were exported to NC-RETS and zero Credits were exported to other compatible Registries.

TABLE 9: MIRECS CREDITS EXPORTED



MIRECS Website

The MIRECS website continues to be available to users online 24 hours a day, 7 days a week. During Year 10, MIRECS experienced no unscheduled downtime.