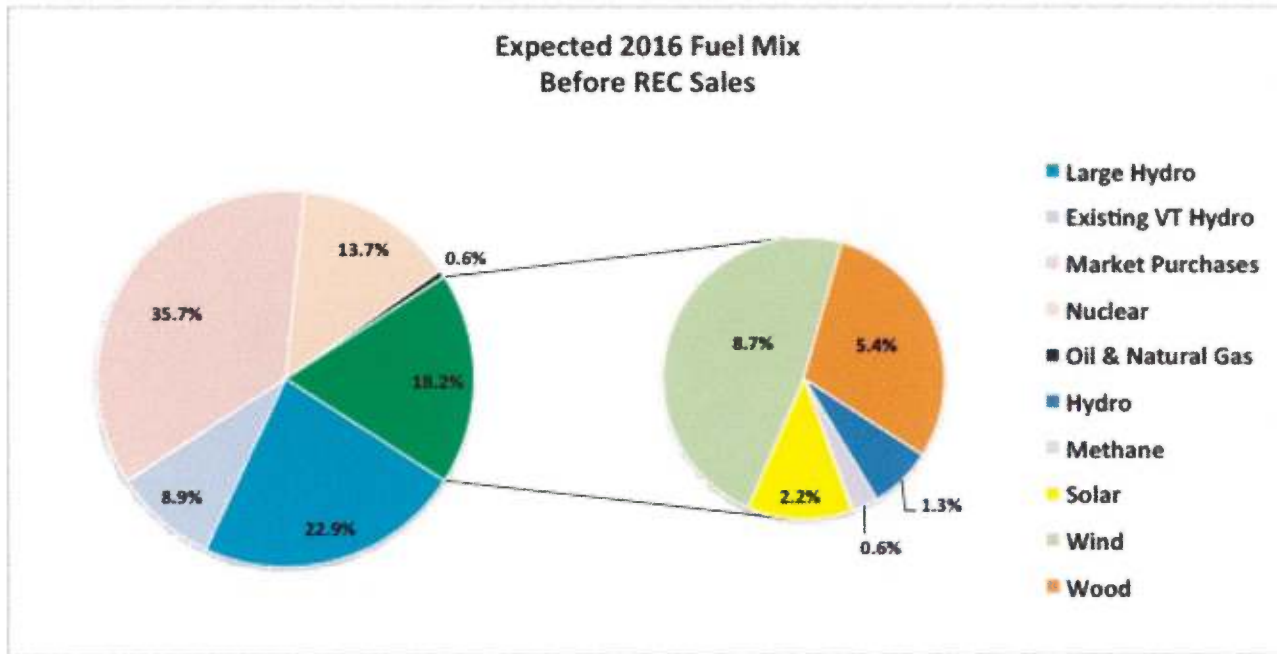




Renewable Energy Credits

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RENEWABLE ENERGY CREDITS (RECS)

How do Renewable Energy Credits (RECs) lower the cost of electricity for Vermonters? The purpose of the REC market is to provide incentives to develop renewable generation, like wind and solar power. All of the New England states require utilities to meet state-mandated renewable energy requirements. They can do this by building or purchasing renewable generation or by purchasing RECs, which are a claim to the renewable attributes of generation that they don't own. Vermont's law - passed in 2015 - requires that in 2017 VT utilities meet 55% of their electricity sales from renewable energy with 1% coming from small scale systems built in-state. By 2032 the total renewable energy requirement is 75%, with 10% coming from small scale systems built in-state.

Utilities across New England are actively looking to purchase RECs to ensure they can meet their own renewable goals. This demand and Vermont law has encouraged our utilities to sell RECs in order to lower the cost of electricity for their customers. GMP currently sells the RECs associated with its renewable generators like Kingdom Community Wind. Once the RECs are sold, GMP can no longer claim the environmental attributes of the source and it is considered market power for customers.

GMP currently sells a portion of its RECs but with the passage of Act 56, GMP will need to retire more RECs. We will procure the amount of renewable energy and retire the RECs to meet the new renewable portfolio standard (RPS) as created in Act 56. Any additional RECs we possess will likely be sold on the market to reduce costs for GMP customers. We will continue to monitor and respond to the REC market and the regulatory environment and adopt our practices to ensure the greatest value for our customers.