

## **Attachment 4: Implementation of REC Purchases and Tree Replacement Program**

### ***Purchase of Renewable Energy Credits***

As reflected in Enbridge’s June 22, 2018 letter, Enbridge will purchase renewable energy credits (“RECs”) in the amount equal to the incremental increase in total non-renewable electric energy usage on the Enbridge Mainline System after Line 3 Replacement is in service. The basic requirements of the REC purchase can be found at Ex. DER-6 at 15-16 (O’Connell Surrebutal). This filing further describes Enbridge’s plans to implement the purchase requirement.

1. Enbridge shall acquire renewable energy as defined by Minn. Stat. § 216B.2422, subd. 1(c) to offset all the incremental increase in non-renewable energy consumed on the Enbridge Mainline System due to the Project.
2. Beginning no later than April 1 following the first full calendar year after the initial in-service date of the Project, Enbridge will make annual filings regarding its compliance with this requirement. These filings shall include a calculation of (a) the incremental increase in Enbridge’s energy consumption on the Enbridge Mainline System due to the Project and (b) the share of that energy that comes from non-renewable sources.

(a) The incremental increase in Enbridge’s energy consumption due to the Project will be calculated as follows:

**Post-project Energy Consumption – Baseline Energy Consumption = Incremental Energy Consumption**

where

(i) the Post-Project Energy Consumption is equal to the electricity used by the Enbridge Mainline System in Minnesota during the first partial calendar year immediately following the in-service date of the Project and then the full calendar year for each year thereafter; and

(ii) the Baseline Energy Consumption is equal to the total electricity used by the Enbridge Mainline System (i.e., Lines 1, 2, 3, 4, 65 and 67) in Minnesota during the full 12 months immediately preceding the in-service date of the Project (adjusting that 12 month period to exclude months impacted by construction of Line 3 Replacement, such as the line fill process). The first partial-year REC purchases will be calculated by pro-rating the average monthly electricity used to calculate the Baseline Energy Consumption.

(b) The share of energy from non-renewable sources will be calculated as follows:

**Incremental Energy Consumption x (1 - % Utility Renewable Purchases) = L3R RECs Purchase Obligation**

The % Utility Renewable Purchases will be the percentage renewable purchases reported by those utilities to Enbridge.

For the avoidance of doubt, Enbridge’s Line 67 Phase 2 REC purchase obligations will continue to be calculated using the methodology approved in MPUC Docket No. EL9/CN-13-153, and there will be no change to that methodology. Enbridge will calculate the Line 67 Phase 2 REC purchase obligations prior to calculating the L3R REC Purchase Obligation but will not further offset or otherwise take credit for the Line 67 Phase 2 REC purchase obligation when calculating its L3R REC Purchase Obligation.

3. Within five years from the initial in-service date, and annually thereafter, Enbridge will document – in a manner that precludes double-counting – that it has complied with the kWh-for-a-kWh requirement. Enbridge may rely on renewable energy credits from its own generators, or from a third party offering verifiable renewable energy credits. Verification shall be from the Midwest Renewable Energy Trading System (“M-RETS”) or another entity the Commission determines to be substantially equivalent to M-RETS.

To lessen the potential for confusion, Enbridge proposes that the timing of the REC purchase reporting requirements for Line 67 Phase 2 and Line 3 Replacement be aligned so that both reports are due annually on April 1 and reflect the prior full calendar year REC purchase obligations. A partial year report will be needed to get Line 67 Phase 2 on a calendar year reporting timeframe.

***Implementation of Tree Replacement Program***

This section describes Enbridge’s plans to implement a tree replacement program (“Tree for Tree Commitment” or “T4T Program”) with respect to the Project’s construction. As an initial matter, although the specific language discussed by the Commission referred to planting a new tree on public land in Minnesota for each tree removed in the construction of the Project, the Neutral Footprint Program implemented by Enbridge with respect to Line 67 Phase 2 took a broader approach in that it considered tree conservation efforts and met its goals by funding local stakeholder tree-planting and –conservation projects. Enbridge respectfully submits that the T4T Program for the Project continue that broader approach, because there is often greater environmental benefit in preserving existing forested areas through conservation easements, as opposed to planting new trees elsewhere, and because Enbridge believes it is important to continue to engage and provide benefit to local communities.

Enbridge proposes the following steps to implement the T4T Program:

1. Enbridge adopted a merchantable timber standard to determine what will be considered a tree for the program. Merchantable timber is any tree that measures

eight inches in diameter at breast height or as defined by the appropriate local regulator. Tree counts are determined by utilizing high resolution photography, as-built GIS data, or survey data as available. Enbridge will identify the total number of merchantable trees that will be removed in construction of the Project.

2. Enbridge will identify the impact of other Project mitigation requirements related to tree conservation and/or tree planting. For example, mitigation required by the U.S. Army Corps of Engineers will include wetland conservation requirements.
3. Enbridge will calculate a Net Zero Target, which will represent the number of trees removed during Project construction, minus trees that will be conserved through mitigation requirements identified in Step 2, above.
4. Enbridge will then prepare an initial cost estimate of the funds that would be required to meet the Net Zero Target, assuming that trees are planted or conserved for long-term viability.
5. Based on the cost estimate in Step 4, Enbridge will establish a Tree Fund in partnership with a reputable third party conservation organization that will use Enbridge funds to support local projects involving the planting and/or conservation of trees. The organization will be required to have a Minnesota presence, good local networks, and a demonstrated capacity to: establish criteria and performance benchmarks for project funding; manage large sums of money and certify project outcomes; and seek matching funding (*i.e.*, leverage Enbridge funds to attract additional funding for participating projects), if available.
6. Next, Enbridge and the conservation organization will invite funding proposals for projects that support local landscape management and restoration priorities involving the planting and conservation of trees.
7. The Tree Fund will provide direct funding to projects that are undertaken by Project stakeholders, including interested local communities, environmental stewardship organizations, government agencies, and Tribes.

Enbridge proposes to fund the T4T Program after construction of the Project is complete and expects that it will take up to 60 months for the funds from the T4T Program to be fully disbursed. Enbridge will submit an annual report to the Commission, beginning April 1 in the year after the Project goes into service, which will include the number of trees planted and/or conserved, the funds extended and raised, and the T4T Program's progress against the Net Zero Target.