



**Rochelle Municipal Utilities
Administration**

Memo

To: City Manager Dave Plyman
From: Dan Westin
Date: February 19th 2013
Re: REC divesting recommendation to City Council

Through the partnership with Williams Charles Energy (methane plant operator) and Rock River Environment Services (landfill operator) City of Rochelle has gained assets in the form of Renewable Energy Credits. These credits have a value for companies seeking to lower their emissions footprint. City staff recommends divesting of these Renewable Energy Credits which are registered for Illinois markets and have accumulated to a count of 23,414 as of January 2013. These credits have a value of 0.7-1 \$ in public auctions and may also have a value to some of RMU's customers.

City Staff recommends divesting these assets as the market is eroding for most Renewable Energy Credits.

City counsel has reviewed the Illinois Municipal Code with respect to the sale of such property. The renewable energy credits are considered personal property. Per 65 ILCS 5/11-76-4, the City may sell personal property if it is no longer necessary or useful to the City, or if its in the best interests of the City to sell the property. This is accomplished by a simple majority vote of the City Council. The ordinance need not specify the method of sale and the property does not need to be sold at public auction, unless it is being traded in for other property.

Therefore city staff recommends that Council approve city staff to market and divest REC's as an ongoing activity when value can be created for the city. This should be for all REC's whether they are registered in IL or in other states as the market value for REC's varies between states.