

**ERCOT Protocols**  
**Section 14: Renewable Energy Credit Trading Program**

November 1, 2001

---

**Subject to PUC Project 22200**

<u>14</u>	<u><i>State of Texas Renewable Energy Credit Trading Program</i></u> .....	<u>14-1</u>
<u>14.1</u>	<u>Overview</u> .....	<u>14-1</u>
<u>14.2</u>	<u>Duties of ERCOT</u> .....	<u>14-1</u>
<u>14.3</u>	<u>Duties of the PUCT</u> .....	<u>14-2</u>
<u>14.4</u>	<u>Creation of REC Accounts and Attributes of RECs</u> .....	<u>14-3</u>
<u>14.5</u>	<u>Registration to Become a REC Generator or REC Aggregation Company</u> .....	<u>14-5</u>
<u>14.6</u>	<u>Reporting Requirements</u> .....	<u>14-5</u>
<u>14.7</u>	<u>Awarding of RECs</u> .....	<u>14-6</u>
<u>14.8</u>	<u>Transfer of RECs Between Parties</u> .....	<u>14-7</u>
<u>14.9</u>	<u>REC Offsets</u> .....	<u>14-7</u>
<u>14.10</u>	<u>Allocation of Statewide REC Requirement Among Competitive Retailers</u> .....	<u>14-8</u>
<u>14.11</u>	<u>Retiring of RECs</u> .....	<u>14-12</u>
<u>14.12</u>	<u>Penalties and Enforcement</u> .....	<u>14-13</u>
<u>14.13</u>	<u>Maintain Public Information</u> .....	<u>14-13</u>
<u>14.14</u>	<u>Submit Annual Report to Public Utility Commission</u> .....	<u>14-14</u>

## 14 STATE OF TEXAS RENEWABLE ENERGY CREDIT TRADING PROGRAM

### 14.1 Overview

On May 9, 2000, the Public Utility Commission of Texas (PUC) appointed ERCOT as Program Administrator of the Renewable Energy Credits Trading Program described in Subsection (g) of Substantive Rule 25.173, *Goal for Renewable Energy*.

The purpose of the Renewable Energy Credits Trading Program is to ensure that an additional 2,000 megawatts (MW) of generating capacity from renewable energy technologies is installed in Texas by 2009 pursuant to the Public Utility Regulatory Act (PURA) §39.904, to establish a renewable energy credits trading program that would ensure that the new renewable energy capacity is built in the most efficient and economical manner, to encourage the development, construction, and operation of new renewable energy resources at those sites in this state that have the greatest economic potential for capture and development of this state's environmentally beneficial resources, to protect and enhance the quality of the environment in Texas through increased use of renewable resources, to respond to Customers' expressed preferences for renewable resources by ensuring that all Customers have access to providers of energy generated by renewable energy resources pursuant to PURA §39.101(b)(3), and to ensure that the cumulative installed renewable capacity in Texas will be at least 2,880 MW by January 1, 2009.

The Renewable Energy Credit (REC) program becomes effective July 1, 2001. ERCOT will administer the renewables portion of the Customer Choice Pilot program, pursuant to the provisions contained herein; to the extent those provisions are applicable to the Pilot Program. The voluntary settlements for the REC portion of the Customer Choice Pilot program will occur in the first quarter of 2002. Entities participating in the REC program must register with and execute the appropriate agreements with ERCOT.

### 14.2 Duties of ERCOT

As described in more detail in this Section, ERCOT shall:

- (1) Register renewable energy generators;
- (2) Register offset generators;
- (3) Register Competitive Retailers;
- (4) Register other Entities choosing to participate in the REC trading program;
- (5) Create and maintain Renewable Energy Credits trading accounts for program participants;
- (6) Determine the annual REC requirement for each Competitive Retailer in Texas using the formulas set forth in this section;
- (7) On a quarterly basis, award RECs earned by REC generators based on verified MWh production data;
- (8) Verify that Competitive Retailers meet annual REC compliance requirements;
- (9) Retire RECs as directed by program participants;

- (10) Retire RECs as they expire;
- (11) On a monthly basis, make public the aggregated total MWh competitive energy sales in Texas;
- (12) Make public a list of REC account holders with contact information (e-mail, address, and telephone number) so as to facilitate REC trading;
- (13) Maintain a list of offset generators and the Competitive Retailers to whom such a generator's offsets were awarded by the PUC;
- (14) Conduct a REC Program settlement process annually, starting in 2002 with voluntary settlements for the Customer Choice Pilot;
- (15) File an annual report with the PUC each April 15;
- (16) Monitor the operational status of all existing renewable energy Facilities in Texas and record retirements;
- (17) Compute and apply a revised Capacity Conversion Factor (as described in Section 14.9.2 below) every two years;
- (18) Audit MWh production data from certified REC generating Facilities;
- (19) Audit MWh production from Facilities producing offsets for Competitive Retailers on an annual basis;
- (20) Post a list of Facility Identification Numbers, and the associated Facility name, location, type, and noncompetitive certification data on the MIS; and
- (21) ERCOT shall post on the MIS a table containing CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub>, and particulate matter emissions data on an MWh basis for each certified REC generating Facility and REC offset generating Facility. ERCOT shall use generation data gathered for the REC trading program and the most recent annual emissions data provided by either the Texas Natural Resource Conservation Commission or the United States Environmental Protection Agency, as requested from those agencies by the PUCT, to calculate these numbers. ERCOT shall use the formulas provided by the PUCT for this posting.

### **14.3 Duties of the PUCT**

The ERCOT is not responsible for the following, which are within the scope of the authority of the PUCT:

- (1) Develop certification application forms for REC generators;
- (2) Develop certification application forms for Entities applying to receive offset credits;
- (3) Develop certification application forms for REC Aggregation Companies;
- (4) Receive, evaluate, and respond to certification applications from generators to become certified to produce RECs;
- (5) Receive, evaluate, and respond to certification applications from Entities applying to receive offset credits;
- (6) Receive, evaluate, and respond to certification applications from REC Aggregation Companies to be certified to aggregate RECs;

- (7) Develop equations, designated factors, or other methodology to determine the MWh of renewable energy produced by generation-offset technologies and other renewable generators that are not interval metered for purposes of determining REC generation;
- (8) Notify ERCOT at such time as a Facility is certified to produce RECs, the date on which such production shall be eligible for the generation of RECs, and the name of the Entity that shall provide the unit or Facility's MWh production data to ERCOT, the name and contact information for the Facility's Designated Representative, and, if so chosen by the Facility, the name and contact information for an alternate individual with authority to act as a Designated Representative;
- (9) Provide notification to ERCOT at such time as a Competitive Retailer is certified to receive offset credits;
- (10) Provide to ERCOT a list of Entities certified to receive offset credits and the generators which shall produce offset credits for a particular Entity;
- (11) Notify ERCOT at such time as a Facility is eligible to produce offsets, the date on which such production shall be counted toward the production of offsets, the name of the Entity that shall provide the unit or Facility's MWh production data to ERCOT the name and contact information for the Facility's Designated Representative, and, if so chosen by the Facility, the name and contact information for an alternate individual with authority to act as a Facility contact;
- (12) Notify ERCOT at such time as a Competitive Retailer has had a petition for a competitive metering Entity to report load data approved, and provide ERCOT with the appropriate information;
- (13) Develop equations to calculate the renewable energy produced from landfill gas directly supplied to a gas distribution system operated by a municipally owned utility; the equation shall convert the volume of metered landfill gas in standard cubic feet to MWh of renewable energy produced; the PUCT will provide such equations to the source (for each such qualifying renewable generator); the information provided by the PUCT to the source will be sufficient so as to allow the source to calculate its quarterly MWh production for reporting to ERCOT;
- (14) Develop and administer penalties associated with the REC Program; and
- (15) Decertify REC generators and offset generators when necessary and notify ERCOT of such decertification.

## **14.4 Creation of REC Accounts and Attributes of RECs**

### ***14.4.1 Creation of REC Accounts***

ERCOT shall create REC accounts for any party desiring to participate in the REC Program. ERCOT shall require all holders of REC trading accounts to execute a standard Agreement with ERCOT. Each party requesting a REC account must name a "Designated Representative" and may name an additional contact person. A Designated Representative is a responsible natural person authorized by the owners or operators of a renewable resource to register that resource

with ERCOT. The Designated Representative must have the authority to represent and legally bind the owners and operators of the renewable resource in all matters pertaining to the REC Program. These individuals will be the contact persons for ERCOT on matters regarding a REC account.

#### **14.4.2 Attributes of RECs**

A Renewable Energy Credit is a tradable instrument that represents all of the renewable attributes associated with one (1) MWh of production from a certified renewable generator. Renewable Energy Credits may trade separately from energy. RECs are distributed to REC generators on a quarterly basis by ERCOT. The number of RECs distributed to a certified generator is based on physically metered MWh production. RECs may be traded, transferred, and retired.

Each REC issued will be identified by a unique serial number determined as follows:

<b>Attribute</b>	<b>Field Length</b>	<b>Description</b>
Year	4 Digits	Year REC was issued
Quarter	1 Digit	Quarter REC was issued
Type of Renewable Resource	2 Characters	Abbreviated reference to type of renewable resource
Facility Identification Number	5 Digits	Number to be assigned by ERCOT
REC Number	8 Digits	REC Number 1 through the number of MWh generated by the Facility during the quarter.

The Facility Identification Number assigned by ERCOT will be fixed for a Facility's lifetime, and will therefore remain constant regardless of changes in Facility name or ownership. Facilities must file changes of name, ownership, or other relevant certification information with ERCOT as soon as practicable after such change has occurred.

Generating Facilities that lose their PUCT REC generator certification will not be awarded RECs by ERCOT subsequent to the date of the certification revocation, unless ERCOT is otherwise directed by the PUCT.

A REC generated on or after January 1, 2002, will have an issue date of the Compliance Period in which it is generated. A "Compliance Period" is a calendar year beginning January 1 and ending December 31 of each year in which renewable energy credits are required of a Competitive Retailer.

RECs have a useful life of three Compliance Periods. For example, a qualifying MWh of renewable energy generated on December 31, 2004 will be the basis for a REC having an issue date of 2004. The three Compliance Periods for which this REC may be used are 2004, 2005, and 2006. This REC will expire one Business Day after March 31, 2007. March 31 is the date

by which a Competitive Retailer must submit its annual REC compliance retirement information to ERCOT. A REC generated prior to January 1, 2002 will have an issue date of 2001 but will be valid for the Compliance Periods 2002, 2003, and 2004.

#### **14.5 Registration to Become a REC Generator or REC Aggregation Company**

REC generators or REC aggregation companies must apply to the PUCT for certification to produce or aggregate RECs. On receipt of a copy of a notification from the PUCT certifying that a Facility is eligible to generate or an Entity is eligible to aggregate RECs, ERCOT shall establish a REC account for the Facility or Entity. Each REC account shall have a unique identification number. A “REC account” is an account maintained by ERCOT for the purpose of tracking the production, sale, transfer, purchase, and retirement of RECs by a program participant.

After providing thirty-days (30) notice to the REC account holder, ERCOT will close an account holding no RECs for a period of one year.

#### **14.6 Reporting Requirements**

##### ***14.6.1 REC Generators and REC Offset Generators***

All Entities generating RECs or REC Offsets must report quarterly MWh production data to ERCOT no later than the thirty-eighth (38<sup>th</sup>) day after the last Operating Day of the quarter, in accordance with Section 10.3.3.3.1, Past Due Data Submission, in an electronic format prescribed by ERCOT. The reported MWh quantity shall be solely produced from, and attributable to, a renewable generator as so designated by the PUCT. Information relevant to quarterly reporting shall be handled in one of the following processes:

- (1) Renewable Resource Facilities located within ERCOT that have interval meters, pursuant to Section 10, Metering, and have interval metered generation data provided to ERCOT for energy settlement will have the quarterly reporting function performed on their behalf by ERCOT using the Settlement Quality Meter Data extracted from the ERCOT settlement system.
- (2) REC aggregation companies shall report production from small-scale renewable energy resources that are not interval metered for energy settlement, in accordance with the methodology approved by the PUCT for the purposes of measuring the REC production of such resources, in the format prescribed by ERCOT, including applicable supporting documentation.
- (3) All other REC generators, not specifically covered in item (1) and item (2) above, must report settlement quality MWh production data to ERCOT in a format and on a timeline prescribed by ERCOT; provided that REC generators not interconnected to any TDSP may use performance measures for REC production as approved by the PUCT.
- (4) Entities certified to produce RECs from landfill gas supplied directly to a gas distribution system operated by a municipally owned electric utility shall report in

writing the MWh equivalent production data and supporting calculations to ERCOT on a timeline prescribed by ERCOT.

From time to time, or as determined to be necessary by ERCOT or the PUCT, Entities may be required to submit supporting documentation to allow verification of generation quantities.

The failure of a REC generator to report generation data in a timely fashion shall result in a delay in the issuance of RECs for that Facility for that quarter. RECs delayed by untimely reporting will be awarded during the REC award period next occurring after the required data are reported. The issue date of such RECs will be based on the quarter in which the RECs were actually generated.

#### **14.6.2 Competitive Retailers**

To enable Competitive Retailers the ability to calculate their REC requirements, all Competitive Retailers serving Load in the state of Texas shall provide Load data to ERCOT on a monthly basis, and no later than the thirty-eighth (38<sup>th</sup>) day after the last Operating Day of the month, in accordance with Section 10.3.3.3.1, Past Due Data Submission, in an electronic format prescribed by ERCOT. The reported MWh quantity shall be solely the energy consumed by Customers in Texas. Load data shall be provided in one of the following processes:

- (1) Competitive Retailers serving Load located within ERCOT shall have this function performed for them by ERCOT for the Load served within ERCOT. The data supplied by ERCOT shall be Settlement Quality Meter Data extracted from the ERCOT settlement system.
- (2) Entities participating in the REC trading program that serve Load outside the ERCOT Region must report settlement quality MWh load data for Load served outside the ERCOT Region to ERCOT in a format prescribed by ERCOT.

On a monthly basis, ERCOT shall calculate the MWh consumption of energy by Customers served by Competitive Retailers in Texas, using Load data submitted by program participants.

The failure of a Competitive Retailer to report required Load data in accordance with this Protocol shall result in estimation of Load data for the applicable Competitive Retailer by ERCOT for purposes of allocation of annual REC requirements.

#### **14.7 Awarding of RECs**

Following the end of each calendar quarter, and upon receipt of REC generator and Load data specified in Section 14.6.1, REC Generator and REC Offset Generators and Section 14.6.2, Competitive Retailers, ERCOT will credit RECs to the appropriate REC account. ERCOT shall base the number of RECs to be issued on the MWh generation data provided by REC generators or ERCOT as applicable. The number of RECs issued to a specific REC generator will be equal to the number of MWh generated by the certified generator during the quarter. Any remaining partial MWh of 0.5 MWh or greater generated during the quarter shall be issued one REC. If a



REC generator is decertified during the quarter, RECs will be issued on MWhs produced during the quarter until the date and time of decertification.

#### **14.8 Transfer of RECs Between Parties**

On the receipt of a request from the owner of a REC and purchaser of the REC, ERCOT will transfer the REC from the owner's account to the account specified in the transfer request. Transfer requests received by ERCOT and confirmed by both Entities by 1000 shall be effective the next Business Day.

If a request for transfer cannot be executed, ERCOT will notify the requesting Entities of the reason.

On completing a transfer, ERCOT shall notify the Designated Representatives of all involved account owners by e-mail.

For the purpose of the REC Program, RECs residing in an Entity's account are deemed to be owned by that Entity.

To the extent practicable, ERCOT will accommodate automated quarterly transfers.

#### **14.9 REC Offsets**

To qualify for REC offsets in the REC Program, a Retail Electric Provider, municipally owned utility, G&T cooperative, distribution cooperative, or an affiliate of a REP, municipally owned utility, G&T cooperative, or distribution cooperative must apply for REC offsets from the Public Utility Commission of Texas (PUCT) by June 1, 2001. This requirement is in effect without regard to whether or not the applicant will be a Competitive Retailer on January 1, 2002. A REC offset represents one MWh of renewable energy from an Existing Facility that may be used in place of a REC to meet a renewable energy requirement. Existing Facilities are renewable energy generators placed in service before September 1, 1999. REC offsets may not be traded.

After receipt of notification from the PUCT (which shall include the name of the Entity receiving the offset, the name of the generator eligible to produce the offset, the value of the offset in MWh, and other information as applicable) verifying designation by the Entity receiving REC offsets, ERCOT shall use REC offsets from a Competitive Retailer as part of its calculation of final REC requirements. REC offsets are not transferable. REC offsets will be considered valid until ERCOT receives notification from the PUCT that the offset is no longer valid.

For purposes of P.U.C. Subst. R. §25.173 (Goal for Renewable Energy), a generation and transmission cooperative (G&T) shall be responsible for the cumulative total of its cooperative members' renewable energy requirements as well as its affiliated cooperative members' renewable energy requirements. A G&T cooperative may, on behalf of its affiliates, and with their consent, nominate the existing renewable resources associated with REC offsets by June 1, 2001. At the election of its board of directors, a G&T cooperative will become responsible for the cumulative total of its distribution cooperatives' REC requirements. The sharing of the REC

offsets of the G&T cooperative among its distribution cooperatives shall not affect the cumulative total of the REC requirements of the distribution cooperative members, or its affiliated cooperative members in meeting their share of the state's goals for renewable energy resources.

#### 14.10 Allocation of Statewide REC Requirement Among Competitive Retailers

Beginning in 2003, and every year thereafter through 2020, ERCOT shall allocate the statewide REC requirement for the previous year's Compliance Period among all Competitive Retailers in the state no later than March 1. This allocation represents the REC compliance requirements for the previous year. To perform this calculation, ERCOT shall use Load data provided to it as set forth in these Protocols.

##### 14.10.1 Annual Capacity Targets

The renewable energy capacity targets (in megawatts) for each year are as follows:

<b>Cumulative New Renewable Capacity (MW)</b>	<b>Existing Renewable Capacity (MW)</b>	<b>Total Renewable Capacity Target (MW)</b>	<b>Years</b>
400	880	1280	2002, 2003
850	880	1730	2004, 2005
1400	880	2280	2006, 2007
2000	880	2880	2008–2019

ERCOT shall increase the new renewable energy capacity target for all future years to account for (1) capacity producing RECs from eligible qualifying out-of-state Facilities metered in Texas and (2) capacity from Existing Facilities that has been retired or otherwise removed from the Program and results in a statewide existing renewable capacity of less than 880 MW. ERCOT shall apply any such changes for out-of-state capacity and retirements at such time the revised Capacity Conversion Factor is computed and applied.

(Note: RECs may be produced by generators certified by the PUCT which are not located in Texas if: (1) the first metering point for such generation is in Texas, and (2) all generation metered at the location of injection into the Texas grid comes from that Facility. REC generators physically located outside the state of Texas are not included in the annual calculations of installed renewable capacity for purposes of the REC Program. However, as such generation may contribute to the available pool of RECs, it is conceivable that there may be sufficient RECs to allow Competitive Retailers to meet their annual requirements, while at the same time, a target capacity shortfall for installed renewable capacity in Texas could exist.)

### 14.10.2 Capacity Conversion Factor

ERCOT shall set the Capacity Conversion Factor (CCF) at 35% for the Compliance Period for the years 2002 and 2003. By December 31, 2003, and every two years thereafter, ERCOT shall determine a new CCF as follows:

$$\text{Individual Facility } CCF_i = (1/n) \times \sum_{t=1}^n HO_{i,t} / (HC_{i,t} \times 8760)$$

Where

- $i$  = Individual Facility
- $n$  = Number of years of data for a specific Facility
- $HO_{i,t}$  = Total production (MWh) by participating renewable generator  $i$  during year  $t$ .
- $HC_{i,t}$  = Average total generation capacity (MW) by participating renewable generator  $i$  during year  $t$ .

$$\text{and } CCF = \frac{\sum_{i=1}^q (CCF_i \times PC_i)}{\sum_{i=1}^q PC_i}$$

Where

- $Q$  = The total number of REC Facilities in the program
- $PC_i$  = Participating Capacity (MW) as of September 30 of the year the revised CCF is calculated for Facility  $i$  in the state of Texas participating in the REC program for which at least twelve months of operating data are available.

Facilities without a full year of operating data will not be used in the calculation of the CCF. Data from Facilities during years for which the PUCT has granted a *Force Majeure* condition shall not be included in the calculation of the CCF. All full years of data beginning with October 1, 1999, where a full year is defined as October 1st through September 30th, for each participating Facility will be used to calculate the CCF.

For purposes of calculating HO (historical output) from renewable capacity, ERCOT shall keep a list of renewable generators, REC certification dates, and annual MWh generation totals.

ERCOT shall use this revised CCF for the two Compliance Periods immediately after it is set. If the PUCT has determined that the REC Program is failing to meet the statutory targets for renewable energy capacity in Texas, it will instruct ERCOT to use a different number than that which would be calculated using the formula for the CCF. Such requests will be published on ERCOT's MIS web site within ten (10) Business Days of receipt of the letter from the PUCT.

**14.10.3 Statewide REC Requirement**

ERCOT shall determine the statewide REC requirement for a particular Compliance Period as follows:

$$\text{Statewide REC requirement (SRR)} = \text{ACT (MW)} \times 8760 \text{ hr} \times \text{CCF}$$

Where

ACT = Annual Capacity Target (MW) for new renewable Facilities

8760 = The number of hours in a year

CCF = Capacity Conversion Factor

**14.10.3.1. Preliminary REC Requirement for Competitive Retailers**

ERCOT shall determine each Competitive Retailer's preliminary REC requirement as follows:

$$\begin{aligned} \text{Preliminary REC Requirement for a Competitive Retailer (PRR)} &= \text{SRR (MWh)} \times (\text{CRS (MWh)} / \text{TS (MWh)}) \end{aligned}$$

Where

SRR = Statewide REC Requirement  
= Sales of the Competitive Retailers (MWh) to Texas Customers during the Compliance Period.

TS = Sales of all Competitive Retailers (MWh) to Texas Customers during the Compliance Period

The sum of the preliminary REC requirements for all Competitive Retailers shall be equal to the Statewide REC Requirement.

**14.10.4 Application of Offsets--Adjusted REC Requirement**

For a Competitive Retailer that has been awarded offsets by the PUCT, ERCOT shall subtract the REC offset amount from the preliminary REC requirement. The reduction may not exceed the preliminary REC requirement, so that this adjusted REC requirement can never be less than zero. The total MWh reduction in the preliminary REC requirement for all Competitive Retailers constitutes total useable offsets.

ERCOT shall determine each Competitive Retailer's adjusted REC requirement as follows:

Adjusted REC Requirement for a Competitive Retailer (ARR) = PRR – EO

*Where*

PRR = Preliminary REC requirement for a Competitive Retailer

EO = Total Offsets the Competitive Retailer is entitled to receive during the Compliance Period or an amount = PRR, whichever is less

ERCOT shall determine total usable offsets as follows:

Total Usable Offsets (TUO) = SRR- SARR

*Where*

SRR = Statewide REC Requirement

SARR = Sum of Adjusted REC Requirements for all Competitive Retailers

#### **14.10.5 Final REC Requirement**

ERCOT shall redistribute the total useable offset amount over all Competitive Retailers to determine the final REC requirements. ERCOT shall determine each Competitive Retailer's final REC requirement as follows:

Final REC Requirement for a Competitive Retailer =  $ARR + (TUO \div (ARR / SARR))$

*Where*

ARR = Adjusted REC Requirement

TUO = Total Usable Offsets

SARR = Sum of Adjusted Requirements for all Retail Electric Providers

ERCOT shall notify each Competitive Retailer of its final REC requirement for the previous Compliance Period no later than March 1 of each year.

### **14.11 Retiring of RECs**

A REC owner's Designated Representative must submit retirement requests to ERCOT. RECs specified by a Designated Representative for retirement must be in the account from which they are being retired at the time the request is submitted. ERCOT shall retire such RECs by removing them from the party's account and retiring the unique serial number, thus rendering the REC unusable for any other purpose. ERCOT shall maintain records to archive all RECs that have been retired and to identify the basis on which RECs were retired. The reasons for retiring RECs include mandatory compliance, voluntary retirement, and expiration.

#### ***14.11.1 Mandatory Retirement***

By March 31 of each year, beginning with 2003, each Competitive Retailer's Designated Representative shall notify ERCOT of the RECs in its account to be used (retired) to satisfy its Final REC Requirement for the Compliance Period being settled. Each REC that is not used will remain in the holder's account until it is transferred to another party's account, expires, or is otherwise retired.

Failure to provide sufficient RECs (except for deficits of 5% or less during the first two Compliance Periods, i.e., in 2002 and 2003) shall be considered a failure of that Competitive Retailer to meet its REC retirement obligations. ERCOT shall notify the PUCT when any Competitive Retailer fails to meet its REC retirement obligations.

#### ***14.11.2 Voluntary Retirement***

At the request of a REC account holder, ERCOT shall retire RECs for reasons other than for meeting the mandated REC requirements. ERCOT shall include information concerning RECs retired voluntarily in its annual report to the PUCT.

RECs retired voluntarily during the settlement period for the Customer Choice Pilot program may be credited toward meeting the final REC requirement of a Competitive Retailer during the settlement period for the 2002 Compliance Period. The settlement period is the first calendar quarter following a Compliance Period in which the settlement process for RECs for that Compliance Period takes place.

#### ***14.11.3 Deficit Banking***

During the first two Compliance Periods, i.e., in 2002 and 2003, each Competitive Retailer may incur a deficit of up to 5% of its final REC requirement. The Competitive Retailer shall make up such deficit amounts in the Compliance Period following the deficit year in addition to meeting the final REC requirement of that Compliance Period.

#### ***14.11.4 Retiring Unused RECs***

ERCOT shall retire all unused RECs upon their expiration as described in Section 14.4.2, Attributes of RECs.

### **14.12 Penalties and Enforcement**

ERCOT is not responsible for developing, administering, or enforcing penalties associated with the REC Program; these activities are within the scope of the PUCT. ERCOT is responsible for informing the PUCT of Competitive Retailers that do not meet their REC retirement obligations, of REC offset generators that do not produce generation sufficient to cover offsets they have been approved to provide, and of other anomalies which may come to ERCOT's attention through the administration of the program.

### **14.13 Maintain Public Information**

ERCOT shall maintain public information of interest to buyers and sellers of RECs on the MIS. The information provided shall include, at a minimum, a directory of all REC generators, Competitive Retailers, and other participants in the REC Program. The directory shall include the following information:

- (1) Name of the REC generator, Competitive Retailer, or other REC account holder;
- (2) Name of the designated representative;
- (3) Street address or post office box number;
- (4) City, state or province, and ZIP or postal code;
- (5) Country (if not the United States);
- (6) Phone number;
- (7) Fax number;
- (8) E-mail address (with hypertext link); and
- (9) Web site address (with hypertext link).

Account holders shall describe their participation in the REC Program using one or more of the following choices within a checkbox listing: REC generator, Competitive Retailer, REC broker, REC trader, REC trading exchange, REC aggregation company, or other.

Entities are responsible for notifying ERCOT of changes in the above information.

ERCOT shall conspicuously display the following disclaimer in upper case and in bold font:

**DISCLAIMER: ERCOT DOES NOT KNOW OR ENDORSE THE CREDITWORTHINESS OR REPUTATION OF ANY REC ACCOUNT HOLDER LISTED IN THIS DIRECTORY.**

ERCOT may provide other information that describes the REC trading program, as it deems convenient or necessary for administering the REC trading program. ERCOT shall maintain a hypertext link to the appropriate pages on the PUCT's web site that are related to the REC Program.

ERCOT shall post each month the best available aggregated total energy sales (in MWh) of Competitive Retailers in Texas for the previous month and year-to-date for the calendar year.

ERCOT shall post a list of Facility identification numbers, associated names, locations, and types.

#### **14.14 Submit Annual Report to Public Utility Commission**

Beginning in 2002, ERCOT shall submit a report to the PUCT on or before April 15 of each calendar year. Such report shall contain the following information pertaining to program operation for the previous year:

- (1) MW of existing renewable capacity installed in Texas, by technology type;
- (2) MW of new renewable energy capacity installed in Texas, by technology type;
- (3) List of eligible non-Texas capacity participating in the program, by technology type;
- (4) Summary of REC aggregation company activities, submitted in a format specified by the PUCT;
- (5) Owner/operator of each REC generating Facility;
- (6) Date each new renewable energy Facility began to produce energy;
- (7) MWh of energy generated by renewable energy sources as demonstrated through data supplied in accordance with these Protocols;
- (8) List of renewable energy unit retirements;
- (9) List of all Competitive Retailers participating in the REC Program;
- (10) Final REC allocation of each Competitive Retailer;
- (11) Number of REC offsets used by each Competitive Retailer;
- (12) A list of REC offset generators, REC Offsets awarded and MWh production from each such generator on an annual basis;
- (13) Number of RECs retired by each program participant by category (mandatory compliance, voluntary retirement, expiration, and total retirements);
- (14) List of all Competitive Retailers in compliance with REC requirement; and
- (15) List of all Competitive Retailers not in compliance with REC requirement including the number of RECs by which they were deficient.