

## **Western Area Power Administration**

### **Desert Southwest Regional Office Renewable Energy Credit Program**

The Desert Southwest Regional Office (DSW) Renewable Energy Credit (REC) Program (Program), outlined herein, enables our Customers to use a DSW REC to meet Renewable Portfolio Standards (RPS), or any similar requirement. Each DSW REC represents the renewable attributes associated with one (1) megawatt hour (MWH) of energy *produced only by the Federal hydropower generators* from either the Boulder Canyon Project or the Parker-Davis Project (Project(s)). This Program has been developed in accordance with Western-wide guidelines.

#### **Section I – Program Description:**

1. Any firm electric service (FES) customer receiving its energy allocation from a Project will be allowed to claim and receive the associated RECs (Project REC(s)), if desired and except as provided herein.
2. Preference requirements shall apply to Project RECs in the same manner as they apply to FES power sales for the applicable Project.
3. Project RECs will first be made available to Project FES customers for their use in meeting State, Federal, or other RPS requirements, including voluntary goals, as described in publicly available documents.
4. DSW makes no representations as to whether Project RECs qualify for or meet any RPS requirements. It is the customer's responsibility to verify whether Project RECs qualify for its State, Federal, or other RPS requirements.
5. DSW offers these RECs as an additional benefit related to the delivery of Project FES energy to its customers. Accordingly, a customer has no right to these RECs prior to their delivery.
6. Project RECs issued to a customer participating in the Program (Participant) cannot be sold under any circumstances.
7. Project RECs issued to a Participant cannot be exchanged or transferred, except as provided for herein.

#### **Section II – Participation and Allocation:**

8. Any Project customer wishing to participate in the Program must apply by July 1 before an Operating Year, which runs from October 1 to September 30, to receive Project RECs for such Operating Year. The application period for the initial REC offering may differ.

9. Any Project customer wishing to participate in the Program must execute a Letter Agreement to become a Participant. The Letter Agreement must be executed before RECs can be disbursed.
10. RECs must remain bundled with the underlying energy (Bundled RECs) except as provided for Sections 11, 12, 15, and 16 herein.
11. Project RECs will be allocated to Participants as follows:
  - a. One (1) Project REC will be available for each MWH of energy generated by the Project's Federal hydropower only, rounded down to the last whole MWH (Project Energy). Project RECs will not include hydropower used for station service, nor will it include any additional power, including any power purchased from a renewable resource.
  - b. A customer's available RECs will be the total available Project RECs multiplied by the customer's contractual percentage of Project Energy, then rounded down to the last whole MWH. The available RECs cannot exceed the Customer's Federal hydropower received from the Project.
  - c. The number of RECs claimed (Claimed RECs) by a Participant cannot exceed the Participant's available RECs.
  - d. Any DSW REC not claimed by a Participant will be unbundled from its underlying energy and become an Unclaimed REC. Such Unclaimed RECs will be determined to be excess and will be marketed at DSW's discretion. Unclaimed RECs marketed and sold by Western will not include the underlying energy and will not be restricted by preference requirements.
12. If a benefit crediting agreement is in place, then:
  - a. Project RECs will first be offered to the Tribal allottee as an unbundled product associated with the Tribal allotment.
  - b. If the Tribal allottee declines, then the Bundled RECs will be offered to the entity receiving the energy.
  - c. If neither entity claims the RECs, then they become Unclaimed RECs and the unbundled RECs will be marketed at Western's discretion.
13. Upon request to Western, a qualifying Project allottee may be designated as a Transfer Participant in its Letter Agreement. A Transfer Participant is:
  - a. A wholesale utility allottee that provides power to its retail utility customers.
  - b. A Project FES allottee that is also signatory to a DSW contract that provides for the transfer of Project energy among allottees of the same Project. Such a Transfer Participant becomes a power pool member for that Project.

14. A Transfer Participant may transfer Claimed RECs, provided: Procedures will be created
  - a. Claimed RECs are transferred only as Bundled RECs.
  - b. Claimed RECs are transferred only between users of the same Project
  - c. Claimed RECs are transferred only from a wholesale utility Participant to its retail utility customer(s) or among power pool members.
  - d. Power pool members involved with a transfer must be Participants.
  - e. A Transfer Participant that transfers Claimed RECs must ensure that any such transferred RECs are not further exchanged, transferred, or sold.
  - f. A power pool member that is also a wholesale utility Participant may receive Bundled RECs from a pool member and may then transfer those Bundled RECs to its retail utility customers.
15. RECs associated with hydropower reserved for project use may be unbundled and marketed by Western in coordination with the Bureau of Reclamation using appropriate marketing plans or rate development processes.
16. Method of REC distribution, such as distribution from a specific facility or how subsets may be formed, will be outlined as separate procedures.
17. DSW shall make RECs available without revisions.
18. DSW's allocation determinations are final.

**Section III – Other:**

19. In order to facilitate the Participant's attempt to claim Project RECs, DSW will utilize the Western Renewable Energy Generation Information System (WREGIS) as follows:
  - a. Western will register its hydro output with WREGIS to obtain Project RECs.
  - b. Western will transfer Claimed RECs to Participants through the WREGIS system as follows:
    - i. DSW will create a sub-account for each Participant to receive Claimed RECs and each Participant will be required to establish an agreement with WREGIS to enable login rights to its sub-account.
    - ii. As an alternative, a Participant wishing to utilize its own WREGIS account to receive RECs shall provide such account information to DSW.
20. A Participant wishing to retire Claimed RECs must utilize its own WREGIS account. The Participant will be responsible for retiring the Claimed RECs and paying any associated transfer and retirement fees.

21. WREGIS Costs:
  - a. Participants in the Program will be responsible for paying their proportionate share of DSW's WREGIS administrative costs.
  - b. Each Participant's WREGIS transaction-based charge will be assessed on a pass-through cost basis.
  - c. Advanced or obligated funding will be required.
  - d. A Participant that transfers Claimed RECs issued under the Program from its Western Sub-Account to its own WREGIS account shall remain responsible for the costs listed in this Section.
  - e. Any WREGIS or other costs incurred by Western for the transfer of RECs requested by Transfer Participants are the responsibility of the transferring Participant.
22. DSW Costs: In addition to the WREGIS related costs already specified herein, DSW's administrative costs shall be apportioned among the Participants receiving Claimed RECs.
23. DSW will attempt to develop alternative methods, consistent with these principles, to distribute RECs to customers in states where WREGIS RECs cannot be used to satisfy state RPS requirements.
24. Procedures will be developed to determine when and how generation data will be made available, how Project RECs will be posted, and how Participants will be notified of their REC availability.
25. DSW reserves the right to suspend or terminate the Program upon reasonable advance written notice to Participants. Although DSW will ordinarily solicit input, it can change these principles without notice.