

Loveland Area Projects (LAP) Renewable Energy Credit (REC) Program Principles

1. All customers that receive LAP Firm Electric Service (FES) allocations and take delivery of LAP firm energy are eligible to obtain RECs under the program.
2. RECs issued to a customer under this program cannot be sold under any circumstances. Participants may transfer RECs issued under the program only to its members located in the LAP marketing territory. Participants must ensure that any transferred RECs are not sold.
3. FES customers will be provided an opportunity to participate in the program. Once the customer has opted into the program, it will receive RECs on an annual basis unless it notifies Western that it no longer desires to participate in the program. Customers that opt not to participate in the program will not receive RECs. Notification to Western to participate in the program must be made by October 1st to receive RECs for that calendar year.
4. Requests to change the types of RECs received can be made at any time. However, Western may not be able to accommodate change requests received after October 1st until the following year.
5. RECs will be transferred to customers once a year following the year in which the customer received LAP firm energy. Efforts will be made to complete these transfers as soon as practicable. Customers are encouraged to inform Western of any issues that may exist related to the timing of REC transfers.
6. RECs will be transferred to customers through the Western Renewable Energy Generation Information System (WREGIS). Western will create a subaccount for each customer that elects to receive RECs. Each customer will be required to establish an Agent Designation Notice with WREGIS to obtain login rights to its subaccount. Customers that wish to utilize their existing WREGIS account should request this option from Western in lieu of the creation of a subaccount.
7. Customers that need to retire RECs to meet compliance obligations or for any other reason, must utilize their own WREGIS account and will be responsible for retiring the RECs and paying the associated retirement fees.
8. RECs will be allocated based upon the customer's total FES allocation generated from LAP hydropower facilities during the preceding calendar year in the ratio of one (1) REC to one (1) megawatt hour generated. Purchase power, including purchase power from renewable sources, is not part of the program. If the sum of allocated energy for all program participants is higher than the LAP hydropower generation in a calendar year, RECs generated under the program will be allocated to each program participant based on the participant's pro-rated share of the total amount of LAP firm energy delivered under FES contracts for any given year.
9. Recognizing that RECs differ in value depending on the location and size of the generation unit, customers will be allowed to request RECs from generation units under 30 MW, and from Colorado and Wyoming based generation. Western will define further subsets of RECs as necessary. RECs in each subset will be pro-rated (rounded down) to those customers that request RECs from that subset, up to the amount of their allocation of energy received.
10. If customers want more RECs associated with a subset of LAP generation than are available, each will receive a pro-rated amount (rounded down) based on the allocations of all customers who have requested generation

from a particular subset. Western will try to accommodate preferences for specific RECs but cannot guarantee delivery.

11. Attempts to develop alternative allocation methods consistent with these principles will be made for customers in states that do not accept WREGIS RECs or have capacity-based renewable requirements.
12. To maximize this benefit, Western will reasonably attempt to determine REC requirements of individual states as they pertain to certain FES customers. Western does not, however, guarantee any such determination of state REC requirements or a perfectly maximized program. Western encourages ongoing feedback from participating customers to improve the REC distribution process.
13. Western reserves the right to suspend or terminate the program upon reasonable advance written notice to participating customers. Though Western will solicit input, it can change these principles without notice.
14. Western's allocation determinations are final.
15. Western is offering these RECs as an additional benefit related to the delivery of LAP firm energy to customers. Accordingly, program participants have no rights to RECs issued under the program prior to actual delivery of the RECs.