**ERCOT Nodal Protocols**

**Section 14: State of Texas Renewable Energy Credit Trading Program**

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# State of Texas Renewable Energy Credit Trading Program

14.1 Overview

(1) On May 9, 2000, the Public Utility Commission of Texas (PUCT) appointed ERCOT as Program Administrator of the Renewable Energy Credits (REC) Trading Program described in subsection (h) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program. On November 30, 2023, the PUCT reaffirmed ERCOT as Program Administrator of the REC Trading Program described in subsection (a)(2) of P.U.C. Subst. R. 25.173. Public Utility Regulatory Act (PURA) § 39.9113, adopted by the 88th Texas Legislature and implemented by the PUCT in P.U.C. Subst. R. 25.173, require that ERCOT administer a voluntary trading program on an ongoing basis.

(2) The purposes of the REC Trading Program are:

(a) To provide for a REC Trading Program to facilitate voluntary trading under subsection (g) of P.U.C. Subst. R. 25.173 and PURA § 39.9113, in the most efficient and economical manner; and

(b) To ensure that all Customers have access to providers of energy generated by renewable energy Resources pursuant to PURA § 39.101(b)(3).

(3) ERCOT shall administer the REC Trading Program, which became effective July 1, 2001. Entities participating in the REC Trading Program must register with and execute the appropriate agreements with ERCOT.

14.2 Duties of ERCOT

(1) As described in more detail in this Section, ERCOT shall:

(a) Register renewable energy generators;

(b) Register Retail Entities;

(c) Register other Entities choosing to participate in the Renewable Energy Credit (REC) Trading Program;

(d) Create and maintain REC trading accounts for REC Trading Program participants;

(e) On a quarterly basis, award RECs earned by REC generators based on verified MWh production data;

(f) Retire RECs or Compliance Premiums as directed by REC Trading Program participants;

(g) Retire RECs or Compliance Premiums as they expire;

(h) On a monthly basis, make public the aggregated total MWh competitive energy sales in Texas;

(i) Make public a list of REC Account Holders with contact information (e-mail, address, and telephone number) so as to facilitate REC or Compliance Premium trading;

(j) Maintain a list of offset generators and the Retail Entities to whom such a generator’s offsets were awarded by the Public Utility Commission of Texas (PUCT);

(k) Conduct a REC Trading Program Settlement process annually;

(l) File an annual report with the PUCT as specified in subsection (h)(11) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program;

(m) Monitor the operational status of participating renewable energy generation facilities in Texas and record retirements;

(n) Audit MWh production data from certified REC generating facilities;

(o) Audit MWh production from renewable energy generation facilities producing offsets for Retail Entities on an annual basis; and

(p) Post a list of Facility Identification Numbers, and the associated renewable energy generation facility name, location, type, and noncompetitive certification data on the ERCOT website.

14.2.1 Site Visits

(1) ERCOT may conduct site visits to renewable energy generation facilities on a random basis to ensure integrity of the REC Trading Program, as deemed necessary. ERCOT shall require each registered renewable energy generator to provide one or more contact persons for purpose of site visit notification. ERCOT shall provide at least 48 hours’ notice to the designated contact(s) prior to conducting a site visit for Intermittent Renewable Resources (IRRs) only.

14.3 Creation of Renewable Energy Credit Accounts and Attributes of Renewable Energy Credits

14.3.1 Creation of Renewable Energy Credit Accounts

(1) ERCOT shall create Renewable Energy Credit (REC) Accounts for any party desiring to participate in the REC Trading Program. ERCOT shall require all holders of REC Accounts to execute a Standard Form Market Participant Agreement (as provided for in Section 22, Attachment A, Standard Form Market Participant Agreement) with ERCOT. Each party requesting a REC Account must name a Designated Representative. The Designated Representative must have the authority to represent and legally bind the REC Account Holder in all matters pertaining to the REC Trading Program. These individuals will be the contact persons for ERCOT on matters regarding a REC Account.

***14.3.2 Attributes of Renewable Energy Credits and Compliance Premiums***

(1) A REC or Compliance Premium is a tradable instrument that represents all of the renewable attributes associated with one MWh of production from a certified renewable generator. A REC or Compliance Premium 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.

(2) The components of a REC and Compliance Premium are defined in the table below.

|  |  |  |
| --- | --- | --- |
| **REC Information** | **Field Length** | **Description** |
| Year | 4 Digits | Year REC was issued. |
| Quarter | 1 Digit | Quarter REC was issued. |
| Type of Renewable Resource | 20 Characters | Reference to type of renewable Resource: Solar, wind, biomass, tidal, geothermal, hydro, landfill gas, other. |
| 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.  |

(3) 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 within 30 days of such changes.

(4) Generating facilities that lose their Public Utility Commission of Texas (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.

(5) A REC or Compliance Premium will have an issue date of the Compliance Period in which it is generated.

(6) RECs and Compliance Premiums have a useful life of three Compliance Periods. For example, a qualifying MWh of renewable energy generated on December 31, 2023 will be the basis for a REC having an issue date of 2023. The three Compliance Periods for which this REC may be used are 2023, 2024, and 2025. This REC will expire one Business Day after March 31, 2026. March 31 is the date by which a Retail Entity must submit its annual REC compliance retirement information to ERCOT. As Compliance Premiums were last awarded December 31, 2024, all unused Compliance Premiums will expire by December 31, 2027.

14.4 Registration to Become a Renewable Energy Credit Generator or Renewable Energy Credit Aggregator

(1) Renewable Energy Credit (REC) generators or REC aggregators must apply to the Public Utility Commission of Texas (PUCT) for certification to produce or aggregate RECs. On receipt of a copy of a notification from the PUCT certifying that a renewable energy generation facility is eligible to generate or an Entity is eligible to aggregate RECs, ERCOT shall establish a REC trading account for the facility or Entity. Each REC trading account shall have a unique identification number.

 (2) ERCOT may close an account holding no RECs or Compliance Premiums for a period of one year after providing 30 days’ advance Notice to the REC Account Holder.

14.5 Reporting Requirements

14.5.1 Renewable Energy Credit Generators and Renewable Energy Credit Offset Generators

(1) All Renewable Energy Credit (REC) generators and REC offset generators must report quarterly MWh production data to ERCOT no later than the 38th day after the last Operating Day of the quarter, 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 Public Utility Commission of Texas (PUCT). Information relevant to quarterly reporting shall be handled in one of the following processes:

(a) A renewable Generation Resource or Settlement Only Generator (SOG) that has interval meters, pursuant to Section 10, Metering, and has interval metered generation data provided to ERCOT for energy Settlement will:

(i) Have the quarterly reporting function performed on their behalf by ERCOT using the Settlement Quality Meter Data extracted from the ERCOT Settlement system; or

(ii) Self-report their Settlement quality MWh production data to ERCOT, in a format and on a timeline prescribed by ERCOT, based on Metering Facilities that are:

(A) Installed, operated and maintained by the REC generator;

(B) Installed in a location to only record energy from generation certified by the PUCT to receive RECs;

(C) Compliant with American National Standards Institute (ANSI) C12, Code for Electricity Metering, metering accuracy standards; and

(D) Verified for accuracy every six years.

(b) REC aggregators shall report production from microgenerator 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;

(c) All other REC generators, not specifically covered in items (a) and (b) 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 Transmission and/or Distribution Service Provider (TDSP) may use performance measures for REC production as approved by the PUCT; or

(d) Entities certified to produce RECs from landfill gas supplied directly to a gas distribution system operated by a Municipally Owned Utility (MOU) shall report the MWh equivalent production data and supporting calculations to ERCOT on a timeline prescribed by ERCOT.

(2) 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.

(3) The failure of a REC generator to report generation data in a timely fashion shall result in a delay in the issuance of RECs or Compliance Premiums for that generation facility for that quarter. RECs or Compliance Premiums 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 or Compliance Premiums will be based on the quarter in which the RECs or Compliance Premiums were actually generated.

**14.6 Awarding of Renewable Energy Credits**

(1) Following the end of each calendar quarter, and before the end of the next Business Day following receipt of all Renewable Energy Credit (REC) generator and Load data specified in Section 14.5.1, Renewable Energy Credit Generators and Renewable Energy Credit Offset Generators, and in Section 14.5.2, Retail Entities, ERCOT will credit RECs to the appropriate REC trading 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. Quarterly production shall be rounded to the nearest whole MWh, with fractions of 0.5 MWh or greater rounded up. 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.

14.6.1 Adjustments to Renewable Energy Credit Award Calculations

(1) Adjustments (reductions) to REC awards are made for renewable facilities that use more than 2% fossil fuel, and for REC aggregators that use estimation techniques to report generation.

(a) Co-Fired Generator Adjustments:

(i) For REC generators using a renewable energy technology that requires the use of fossil fuel that is greater than 2%, and less than or equal to 25%, of the total annual fuel input on a British Thermal Unit (BTU) or equivalent basis, RECs can only be earned on the renewable portion of the production. RECs are awarded based on an adjusted number of MWh generated during the quarter.

(ii) The renewable energy Resource shall calculate the electricity generated by the unit in MWh, based on the BTUs (or equivalent) produced by the fossil fuel and the efficiency of the renewable energy Resource, subtract the MWh generated with fossil fuel input from the total MWh of generation and report the renewable energy generated to the Program Administrator;

(b) REC Aggregator Adjustments:

The REC aggregator may provide the Program Administrator with sufficient information for the Program Administrator to estimate with reasonable accuracy the output of each unit, based on known or observed information that correlates closely with the generation output. REC aggregators using approved estimation techniques to report renewable energy production shall be awarded one REC for every 1.25 MWh generated.

**14.7 Transfer of Renewable Energy Credits or Compliance Premiums Between Parties**

(1) On the receipt of a request from the owner of a Renewable Energy Credit (REC) or Compliance Premium and purchaser of the REC or Compliance Premium, ERCOT will transfer the REC or Compliance Premium from the owner’s REC trading account to the REC trading account specified in the transfer request. Transfer requests received by ERCOT shall be effective upon confirmation by the receiving Entity.

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

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

(4) For the purpose of the REC Trading Program, RECs or Compliance Premiums residing in an Entity’s REC trading account are deemed to be owned by that Entity.

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

**14.8 [RESERVED]**

**14.9 [RESERVED]**

**14.10 Retiring of Renewable Energy Credits or Compliance Premiums**

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

***14.10.1 Voluntary Retirement***

(1) At the request of a REC Account Holder, ERCOT shall retire RECs and Compliance Premiums. ERCOT shall include information concerning RECs and Compliance Premiums retired voluntarily in its annual report to the PUCT.

***14.10.2 Retiring Unused Renewable Energy Credits or Compliance Premiums***

(1) ERCOT shall retire all unused RECs and Compliance Premiums upon their expiration as described in Section 14.3.2, Attributes of Renewable Energy Credits and Compliance Premiums.

**14.11 Penalties and Enforcement**

(1) ERCOT is not responsible for developing, administering, or enforcing penalties associated with the Renewable Energy Credit (REC) Trading Program; these activities are within the scope of the Public Utility Commission of Texas (PUCT). ERCOT is responsible for informing the PUCT of Retail Entities that do not meet their REC or Compliance Premium 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 REC Trading Program.

**14.12 Maintain Public Information**

(1) ERCOT shall maintain public information of interest to buyers and sellers of Renewable Energy Credits (RECs) or Compliance Premiums on the ERCOT website. The information provided shall include, at a minimum, a directory of all REC generators, Retail Entities, and other participants in the REC Trading Program. The directory shall include the following information:

(a) Name of the REC generator, Retail Entity, or other REC Account Holder;

(b) Name of the Designated Representative;

(c) Street address or post office box number;

(d) City, state or province, and zip or postal code;

(e) Country (if not the United States);

(f) Phone number;

(g) Fax number;

(h) E-mail address (with hypertext link); and

(i) Website address (with hypertext link).

(2) REC Account Holders shall describe their participation in the REC Trading Program using one or more of the following choices within a checkbox listing: REC generator, Retail Entity, REC broker, REC trader, REC trading exchange, REC aggregator, or other.

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

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

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

(5) 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 Public Utility Commission of Texas’ (PUCT’s) website that are related to the REC Trading Program.

(6) ERCOT shall post each month the best available aggregated total energy sales (in MWh) of Retail Entities in Texas for the previous month and year-to-date for the calendar year. This posting shall be based on Retail Entity Loads provided in accordance with Section 14.5.2, Retail Entities.

(7) ERCOT shall post a list of Facility Identification Numbers, associated names, locations, and types.

**14.13 Submit Annual Report to Public Utility Commission of Texas**

(1) Beginning in 2002, ERCOT shall submit an annual report to the Public Utility Commission of Texas (PUCT) on or before the date set forth for such report in subsection (h)(11) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program. Such report shall contain the following information pertaining to program operation for the previous Compliance Period:

(a) MW of existing renewable capacity installed in Texas, by technology type;

(b) MW of new renewable energy capacity installed in Texas, by technology type;

(c) List of eligible non-Texas capacity participating in the program, by technology type;

(d) Summary of Renewable Energy Credit (REC) aggregator activities, submitted in a format specified by the PUCT;

(e) Owner/operator of each REC generating facility;

(f) Date each new renewable energy facility began to produce energy;

(g) MWh of energy generated by renewable energy Resources as demonstrated through data supplied in accordance with these Protocols;

(h) List of renewable energy unit retirements;

(i) List of all Retail Entities participating in the REC Trading Program;

(j) Number of REC offsets used by each Retail Entity;

(k) A list of REC offset generators, REC offsets awarded and MWh production from each such generator on an annual basis;

(l) Number of RECs retired by each program participant by category (mandatory compliance, voluntary retirement, expiration, and total retirements); and

(m) Number of Compliance Premiums retired by each program participant by category (mandatory compliance, expiration, and total retirements).