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| NPRR Number | [1218](https://www.ercot.com/mktrules/issues/NPRR1218) | NPRR Title | REC Program Changes Per P.U.C. Subst. R. 25.173, Renewable Energy Credit Program |
| Date of Decision | | April 5, 2024 | |
| Action | | Recommended Approval | |
| Timeline | | Normal | |
| Proposed Effective Date | | To be determined | |
| Priority and Rank Assigned | | To be determined | |
| Nodal Protocol Sections Requiring Revision | | 1.1, Summary of the ERCOT Protocols Document  1.3.1.1, Items Considered Protected Information  2.1, Definitions  2.2, Acronyms and Abbreviations  14.1, Overview  14.2, Duties of ERCOT  14.3.2, Attributes of Renewable Energy Credits and Compliance Premiums  14.5.2, Retail Entities  14.5.3, End-Use Customers  14.6.1, Adjustments to Renewable Energy Credit Award Calculations  14.6.2, Awarding of Compliance Premiums  14.8, Renewable Energy Credit Offsets  14.9, Allocation of Statewide Renewable Portfolio Standard Requirement Among Retail Entities  14.9.1, Annual Capacity Targets  14.9.2, Capacity Conversion Factor  14.9.3, Statewide Renewable Portfolio Standard Requirement  14.9.3.1, Preliminary Renewable Portfolio Standard Requirement for Retail Entities  14.9.4, Application of Offsets - Adjusted Renewable Portfolio Standard Requirement  14.9.5, Final Renewable Portfolio Standard Requirement  14.10.1, Mandatory Retirement  14.10.2, Voluntary Retirement  14.13, Submit Annual Report to Public Utility Commission of Texas | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) updates Section 14, State of Texas Renewable Energy Credit Trading Program, to comply with P.U.C. Subst. R. 25.173, Renewable Energy Credit Program. This includes an update of the Renewable Portfolio Standard (RPS) requirement to pertain to only solar renewable energy. | |
| Reason for Revision | | [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission  General system and/or process improvements  Regulatory requirements  ERCOT Board/PUCT Directive  *(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* | |
| Justification of Reason for Revision and Market Impacts | | Alignment between Protocols and Public Utility Commission of Texas (PUCT) Substantive Rules is necessary and proper. | |
| PRS Decision | | On 3/20/24, PRS voted unanimously to table NPRR1218. All Market Segments participated in the vote.  On 4/5/24, PRS voted unanimously to recommend approval of NPRR1218 as amended by the 4/4/24 Reliant comments as revised by PRS. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 3/20/24, PRS reviewed NPRR1218 and the 3/15/24 TEBA comments. ERCOT Staff confirmed that Renewable Energy Credits (RECs) are still being tracked and rewarded; and expressed support for the 3/15/24 TEBA comments. One participant requested tabling NPRR1218 in anticipation of upcoming comments.  On 4/5/24, PRS reviewed the 4/4/24 Reliant comments. ERCOT Staff requested NPRR1218 implementation by end of year and proposed a clarifying edit to paragraph (1) of Section 14.1 of the 4/4/24 Reliant comments. | |

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| **Opinions** | |
| Credit Review | To be determined |
| Independent Market Monitor Opinion | To be determined |
| ERCOT Opinion | To be determined |
| ERCOT Market Impact Statement | To be determined |

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| Sponsor | |
| Name | Calvin Opheim |
| E-mail Address | [Calvin.Opheim@ercot.com](mailto:Calvin.Opheim@ercot.com) |
| Company | ERCOT |
| Phone Number | 512-248-3944 |
| Cell Number |  |
| Market Segment | Not applicable |

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| **Market Rules Staff Contact** | |
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| **Comments Received** | |
| Comment Author | **Comment Summary** |
| TEBA 031524 | Endorsed NPRR1218 and requested that ERCOT support the filing of an NPRR in the next six months that implements ERCOT’s rights under P.U.C. SUBST. R. 25.173 to track additional attributes in energy certificates |
| Reliant 040424 | Provided clarifying edits to ensure that past data related to the opt-out of transmission-level Customers associated with the prior RPS program retains its Protected Information status among newly-proposed definitions, and to better align NPRR1218 with PUCT Substantive Rules |

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| Market Rules Notes |

Please note the baseline Protocol language in the following sections(s) has been updated to reflect the incorporation of the following NPRR(s) into the Protocols:

* NPRR1181, Submission of Coal and Lignite Inventory Notifications (incorporated 3/1/24)
  + Section 1.3.1.1

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| Proposed Protocol Language Revision |

**1.1 Summary of the ERCOT Protocols Document**

(1) The Electric Reliability Council of Texas (ERCOT) Protocols, created through the collaborative efforts of representatives of all segments of Market Participants, means the document adopted by ERCOT, including any attachments or exhibits referenced in these Protocols, as amended from time to time, that contains the scheduling, operating, planning, reliability, and Settlement (including Customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT. To determine responsibilities at a given time, the version of the ERCOT Protocols in effect at the time of the performance or non-performance of an action governs with respect to that action. These Protocols are intended to implement ERCOT’s functions as the Independent Organization for the ERCOT Region as certified by the Public Utility Commission of Texas (PUCT) and as the Program Administrator appointed by the PUCT that is responsible for carrying out the administrative responsibilities related to the Renewable Energy Credit (REC) Program as set forth in subsection (h) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program. Market Participants, the Independent Market Monitor (IMM), and ERCOT shall abide by these Protocols.

(2) The ERCOT Board, Technical Advisory Committee (TAC), and other ERCOT subcommittees authorized by the ERCOT Board or TAC or ERCOT may develop polices, guidelines, procedures, forms, and applications for the implementation of and operation under, these Protocols and to comply with applicable rules, laws, and orders of a Governmental Authority. A policy, guideline, procedure, form, or application described above is an “Other Binding Document.” Other Binding Documents do not include ERCOT’s internal administrative procedures, documents and processes necessary to fulfill its role as the Independent Organization or as a registered Entity with the North American Electric Reliability Corporation (NERC).

(3) ERCOT shall post the Other Binding Documents List and all Other Binding Documents to a part of the ERCOT website reserved for posting Other Binding Documents. A TAC designated subcommittee shall review the Other Binding Documents List at least every four years, and modifications to the Other Binding Documents List shall be reviewed and considered by the TAC designated subcommittee and by TAC at its next scheduled meeting.

(4) Any revision of an Other Binding Document must follow the revision process set forth in that Other Binding Document. If an Other Binding Document does not specify a revision process, the Other Binding Document shall be subject to the procedures in Section 21, Revision Request Process, and shall be treated as if it were a Protocol for purposes of the revision process.

(5) To the extent that Other Binding Documents are not in conflict with these Protocols or with an Agreement to which it is a party, each Market Participant, the IMM, and ERCOT shall abide by the Other Binding Documents. Taken together, these Protocols and the Other Binding Documents constitute all of the “scheduling, operating, planning, reliability, and Settlement policies, rules, guidelines, and procedures established by the independent System Operator in ERCOT,” as that phrase is used in subsection (j) of the Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.151 (Vernon 1998 & Supp. 2007) (PURA), Essential Organizations, that bind Market Participants.

(6) Except as provided below, if the provisions in any attachment to these Protocols or in any of the Other Binding Documents conflict with the provisions of Section 1, Overview, through Section 21, and Section 24, Retail Point to Point Communications, through Section 27, Securitization Uplift Charges, then the provisions of Section 1 through Section 21, and Section 24 through Section 27 prevail to the extent of the inconsistency. If any provision of any Agreement conflicts with any provision of the Protocols, the Agreement prevails to the extent of the conflict. Any Agreement provision that deviates from the standard form for that Agreement in Section 22, Attachments, must expressly state that the Agreement provision deviates from the standard form in Section 22. Agreement provisions that deviate from the Protocols are effective only upon approval by the ERCOT Board on a showing of good cause.

(7) These Protocols are not intended to govern the direct relationships between or among Market Participants except as expressly provided in these Protocols. ERCOT is not responsible for any relationship between or among Market Participants to which ERCOT is not a party.

**1.3.1.1 Items Considered Protected Information**

(1) Subject to the exclusions set out in Section 1.3.1.2, Items Not Considered Protected Information, and in Section 3.2.5, Publication of Resource and Load Information, “Protected Information” is information containing or revealing any of the following:

(a) Base Points, as calculated by ERCOT. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(b) Bids, offers, or pricing information identifiable to a specific Qualified Scheduling Entity (QSE) or Resource. The Protected Information status of part of this information shall expire 60 days after the applicable Operating Day, as follows:

(i) Ancillary Service Offers by Operating Hour for each Resource for all Ancillary Services submitted for the Day-Ahead Market (DAM) or any Supplemental Ancillary Services Market (SASM);

(ii) The quantity of Ancillary Service offered by Operating Hour for each Resource for all Ancillary Service submitted for the DAM or any SASM; and

(iii) Energy Offer Curve prices and quantities for each Settlement Interval by Resource. The Protected Information status of this information shall expire within seven days after the applicable Operating Day if required to be posted as part of paragraph (5) of Section 3.2.5 and within two days after the applicable Operating Day if required to be posted as part of paragraph (7) of Section 3.2.5;

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| ***[NPRR1013: Replace paragraph (b) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***  (b) Bids, offers, or pricing information identifiable to a specific Qualified Scheduling Entity (QSE) or Resource. The Protected Information status of part of this information shall expire 60 days after the applicable Operating Day, as follows:  (i) Ancillary Service Offers by Operating Hour or Security-Constrained Economic Dispatch (SCED) interval for each Resource for all Ancillary Services submitted for the Day-Ahead Market (DAM) or Real-Time Market (RTM);  (ii) The quantity of Ancillary Service offered by Operating Hour or SCED interval for each Resource for all Ancillary Service submitted for the DAM or RTM; and  (iii) A Resource’s Energy Offer Curve prices and quantities by Operating Hour or SCED interval. The Protected Information status of this information shall expire within seven days after the applicable Operating Day if required to be posted as part of paragraph (5) of Section 3.2.5 and within two days after the applicable Operating Day if required to be posted as part of paragraph (7) of Section 3.2.5; |

(c) Status of Resources, including Outages, limitations, or scheduled or metered Resource data. The Protected Information status of this information shall expire as follows:

(i) For each Forced Outage, Maintenance Outage, or Forced Derate of a Generation Resource or Energy Storage Resource (ESR) that occurs during or extends into an Operating Day, the Protected Information status of the following information shall expire three days after the applicable Operating Day:

(A) The name and unit code of the Resource affected;

(B) The Resource’s fuel type;

(C) The type of Outage or derate;

(D) The start date/time and the planned and actual end date/time;

(E) The Resource’s applicable Seasonal net maximum sustainable rating;

(F) The available and outaged MW during the Outage or derate; and

(G) The entry in the “nature of work” field in the Outage Scheduler and any other information concerning the cause of the Outage or derate;

(ii) For each Resource Outage or Forced Derate that occurs during, or that extends into, any time period in which ERCOT has declared an Energy Emergency Alert (EEA), ERCOT may immediately disclose the information identified in paragraph (i) above to a state Governmental Authority, the office of the Governor of Texas, the office of the Lieutenant Governor of Texas, or any member of the Texas Legislature, if requested; and

(iii) For all other information, the Protected Information status shall expire 60 days after the applicable Operating Day;

(d) Current Operating Plans (COPs). The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(e) Ancillary Service Trades, Energy Trades, and Capacity Trades identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(f) Ancillary Service Schedules identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

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| ***[NPRR1013: Replace paragraph (f) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***  (f) Ancillary Service awards identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 60 days after the applicable Operating Day; |

(g) Dispatch Instructions identifiable to a specific QSE or Resource, except for Reliability Unit Commitment (RUC) commitments and decommitments as provided in Section 5.5.3, Communication of RUC Commitments and Decommitments. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(h) Raw and Adjusted Metered Load (AML) data (demand and energy) identifiable to:

(i) A specific QSE or Load Serving Entity (LSE). The Protected Information status of this information shall expire 180 days after the applicable Operating Day; or

(ii) A specific Customer or Electric Service Identifier (ESI ID);

(i) Wholesale Storage Load (WSL) data identifiable to a specific QSE. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(j) Settlement Statements and Invoices identifiable to a specific QSE. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(k) Number of ESI IDs identifiable to a specific LSE. The Protected Information status of this information shall expire 365 days after the applicable Operating Day;

(l) Information related to generation interconnection requests, to the extent such information is not otherwise publicly available. The Protected Information status of certain generation interconnection request information expires as provided in Section 1.3.1.4, Expiration of Protected Information Status;

(m) Resource-specific costs, design and engineering data, including such data submitted in connection with a verifiable cost appeal;

(n) Congestion Revenue Right (CRR) credit limits, the identity of bidders in a CRR Auction, or other bidding information identifiable to a specific CRR Account Holder. The Protected Information status of this information shall expire as follows:

(i) The Protected Information status of the identities of CRR bidders that become CRR Owners and the number and type of CRRs that they each own shall expire at the end of the CRR Auction in which the CRRs were first sold; and

(ii) The Protected Information status of all other CRR information identified above in item (n) shall expire six months after the end of the year in which the CRR was effective.

(o) Renewable Energy Credit (REC) account balances. The Protected Information status of this information shall expire three years after the REC Settlement period ends;

(p) Credit limits identifiable to a specific QSE;

(q) Any information that is designated as Protected Information in writing by Disclosing Party at the time the information is provided to Receiving Party except for information that is expressly designated not to be Protected Information by Section 1.3.1.2 or that, pursuant to Section 1.3.1.4, is no longer confidential;

(r) Any information compiled by a Market Participant on a Customer that in the normal course of a Market Participant’s business that makes possible the identification of any individual Customer by matching such information with the Customer’s name, address, account number, type of classification service, historical electricity usage, expected patterns of use, types of facilities used in providing service, individual contract terms and conditions, price, current charges, billing record, or any other information that a Customer has expressly requested not be disclosed (“Proprietary Customer Information”) unless the Customer has authorized the release for public disclosure of that information in a manner approved by the Public Utility Commission of Texas (PUCT). Information that is redacted or organized in such a way as to make it impossible to identify the Customer to whom the information relates does not constitute Proprietary Customer Information;

(s) Any software, products of software, or other vendor information that ERCOT is required to keep confidential under its agreements;

(t) QSE, Transmission Service Provider (TSP), and Distribution Service Provider (DSP) backup plans collected by ERCOT under the Protocols or Other Binding Documents;

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| ***[NPRR857: Replace item (t) above with the following upon system implementation and satisfying the following conditions: (1) Southern Cross provides ERCOT with funds to cover the entire estimated cost of the project; and (2) Southern Cross has signed an interconnection agreement with a TSP and the TSP gives ERCOT written notice that Southern Cross has provided it with: (a) Notice to proceed with the construction of the interconnection; and (b) The financial security required to fund the interconnection facilities:]***  (t) QSE, Transmission Service Provider (TSP), Direct Current Tie Operator (DCTO), and Distribution Service Provider (DSP) backup plans collected by ERCOT under the Protocols or Other Binding Documents; |

(u) Direct Current Tie (DC Tie) Schedule information. The Protected Information status of this information shall expire on the date on which ERCOT files the report with the PUCT that is required by P.U.C. Subst. R. 25.192, Transmission Rates for Export from ERCOT, relating to energy imported and exported over DC Ties interconnected to the ERCOT System;

(v) Any Texas Standard Electronic Transaction (TX SET) transaction submitted by an LSE to ERCOT or received by an LSE from ERCOT. This paragraph does not apply to ERCOT’s compliance with:

(i) PUCT Substantive Rules on performance measure reporting;

(ii) These Protocols or Other Binding Documents; or

(iii) Any Technical Advisory Committee (TAC)-approved reporting requirements;

(w) Information concerning a Mothballed Generation Resource’s probability of return to service and expected lead time for returning to service submitted pursuant to Section 3.14.1.9, Generation Resource Status Updates;

(x) Information provided by Entities under Section 10.3.2.4, Reporting of Net Generation Capacity;

(y) Alternative fuel reserve capability and firm gas availability information submitted pursuant to Section 6.5.9.3.1, Operating Condition Notice, Section 6.5.9.3.2, Advisory, and Section 6.5.9.3.3, Watch, and as defined by the Operating Guides;

(z) Non-public financial information provided by a Counter-Party to ERCOT pursuant to meeting its credit qualification requirements as well as the QSE’s form of credit support;

(aa) ESI ID, identity of Retail Electric Provider (REP), and MWh consumption associated with transmission-level Customers that submitted notice to have their Load excluded from the Solar Renewable Portfolio Standard (SRPS) calculation consistent with Section 14.5.3, End-Use Customers, and subsection (f) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program, or the Renewable Portfolio Standard (RPS) calculation consistent with subsection (j) of P.U.C. Subst. R. 25.173 as it was effective until December 31, 2023;

(bb) Emergency operations plans submitted pursuant to P.U.C. Subst. R. 25.53, Electric Service Emergency Operations Plans;

(cc) Information provided by a Counter-Party under Section 16.16.3, Verification of Risk Management Framework;

(dd) Any data related to Load response capabilities that are self-arranged by the LSE or pursuant to a bilateral agreement between a specific LSE and its Customers, other than data either related to any service procured by ERCOT or non-LSE-specific aggregated data.  Such data includes pricing, dispatch instructions, and other proprietary information of the Load response product;

(ee) Status of Settlement Only Generators (SOGs), including Outages, limitations, or scheduled or metered output data, except that ERCOT may disclose output data from an SOG as part of an extract or forwarded TX SET transaction provided to the LSE associated with the ESI ID of the Premise where the SOG is located. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

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| ***[NPRR829 and NPRR995: Replace applicable portions of paragraph (ee) above with the following upon system implementation:]***  (ee) Status of Settlement Only Generators (SOGs) and Settlement Only Energy Storage System (SOESS), including Outages, limitations, schedules, metered output and withdrawal data, or data telemetered for use in the calculation of Real-Time Liability (RTL) as described in Section 16.11.4.3.2, Real-Time Liability Estimate, except that ERCOT may disclose metered output and withdrawal data from an SOG or SOESS as part of an extract or forwarded TX SET transaction provided to the LSE associated with the ESI ID of the Premise where the SOG is located. The Protected Information status of this information shall expire 60 days after the applicable Operating Day; |

(ff) Any documents or data submitted to ERCOT in connection with an Alternative Dispute Resolution (ADR) proceeding. The Protected Information status of this information shall expire upon ERCOT’s issuance of a Market Notice indicating the disposition of the ADR proceeding pursuant to paragraph (1) of Section 20.9, Resolution of Alternative Dispute Resolution Proceedings and Notification to Market Participants, except to the extent the information continues to qualify as Protected Information pursuant to another paragraph of this Section 1.3.1.1;

(gg) Reasons for and future expectations of overrides to a specific Resource’s High Dispatch Limit (HDL) or Low Dispatch Limit (LDL). The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(hh) Information provided to ERCOT under Section 16.18, Cybersecurity Incident Notification, except that ERCOT may disclose general information concerning a Cybersecurity Incident in a Market Notice in accordance with paragraph (5) of Section 16.18 to assist Market Participants in mitigating risk associated with a Cybersecurity Incident;

(ii) Information disclosed in response to paragraphs (1)-(4) of the Natural Gas Pipeline Coordination section of Section 22, Attachment K, Declaration of Natural Gas Pipeline Coordination, submitted to ERCOT in accordance with Section 3.21, Submission of Declarations of Natural Gas Pipeline Coordination. The Protected Information status of Resource Outage information shall expire as provided in paragraph (1)(c) of Section 1.3.1.1;

(jj) Information concerning weatherization activities submitted to, obtained by, or generated by ERCOT in connection with P.U.C. Subst. R. 25.55, Weather Emergency Preparedness, if such information allows the identification of any Resource or Resource Entity;

(kk) Information provided to ERCOT:

(i) By a QSE under paragraph (3) of Section 3.14.5, Firm Fuel Supply Service, as part of an offer to provide Firm Fuel Supply Service (FFSS), except that within ten Business Days of issuing FFSS awards, ERCOT may disclose the identity of all Generation Resources that were offered as primary Generation Resources or alternate Generation Resources to provide FFSS for the most recent procurement period, including prices and quantities offered;

(ii) By a Resource Entity under paragraph (2) of Section 8.1.1.2.1.6, Firm Fuel Supply Service Resource Qualification, Testing, and Decertification, as part of the voluntary process for ERCOT certification of a FFSS Qualified Contract; or

(iii) By a Resource Entity in a Force Majeure Event report required under paragraph (14) of Section 8.1.1.2.6;

(ll) Information provided to ERCOT pursuant to Section 16.2.1.1, QSE Background Check Process, or Section 16.8.1.1, CRR Account Holder Background Check Process; and

(mm) Information concerning coal or lignite inventory provided by a QSE under Section 3.24, Notification of Low Coal and Lignite Inventory Levels.

## 2.1 DEFINITIONS

Compliance Premium

A payment awarded by the Program Administrator in conjunction with an SREC that is generated by a renewable energy source that meets the criteria of subsection (e) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program. For the purpose of the Solar Renewable Portfolio Standard (SRPS) requirements, one Compliance Premium is equal to one SREC.

Renewable Energy Credit (REC) Trading Program

The Renewable Energy Credit Trading program, as described in Section 14, State of Texas Renewable Energy Credit Trading Program, and P.U.C. Subst. R. 25.173, Renewable Energy Credit Program.

Repowered Facility

An existing facility that has been modernized or upgraded to use renewable energy technology to produce electricity consistent with P.U.C. Subst. R. 25.173, Renewable Energy Credit Program.

Solar Renewable Portfolio Standard (SRPS)

The amount of solar capacity required to meet the requirements of P.U.C. Subst. R. 25.173(f).

Solar Renewable Energy Credit (SREC)

A tradable instrument that represents all of the renewable attributes associated with one MWh of production from a certified solar renewable generator.

## 2.2 ACRONYMS AND ABBREVIATIONS

**ARR** Adjusted SRPS Requirement

**FSRR** Final SRPS Requirement

**SRPS** Solar Renewable Portfolio Standard

**SREC** Solar Renewable Energy Credit

**SSRR** Statewide SRPS Requirement

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. The PUCT also established a Solar Renewable Portfolio Standard (SRPS) pursuant to Section 53 of House Bill 1500, enacted by the 88th Texas Legislature, Regular Session, to be phased out by September 1, 2025. 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 ensure that the total amount of installed generating capacity from new solar renewable energy technologies in this state totals 1,310 megawatts (MW) by January 1, 2024 and 655 MW by January 1, 2025;

(b) 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, and by which the solar renewable energy requirements established by subsection (f) of P.U.C. Subst. R. 25.173 may be achieved 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; and

(c) 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) Determine the annual Solar Renewable Portfolio Standard (SRPS) requirement for each Retail Entity in Texas using the formulas set forth in this Section;

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

(g) Verify that Retail Entities meet annual SREC compliance requirements;

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

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

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

(k) 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;

(l) 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);

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

(n) 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;

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

(p) Compute and apply a revised Capacity Conversion Factor (CCF) (as described in Section 14.9.2, Capacity Conversion Factor);

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

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

(s) 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; and

(t) Receive, implement and protect the confidentiality of Electric Service Identifiers (ESI IDs), identity of Retail Electric Provider (REP), and consumption data associated with transmission-level Customers that choose to have their Load excluded from the SRPS calculation consistent with Section 14.5.3, End-Use Customers, and subsection (f) of P.U.C. Subst. R. 25.173.

***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) Compliance Premiums are awarded by the Program Administrator in conjunction with an SREC that is generated by a renewable energy Resource that meets the criteria of subsection (e) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program. For the purpose of the Solar Renewable Portfolio Standard (SRPS) requirements, one Compliance Premium is equal to one REC. Compliance Premiums will not be awarded after December 31, 2024.

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

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| **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. |

(4) 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.

(5) 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.

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

(7) 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.

***14.5.2 Retail Entities***

(1) To enable Retail Entities the ability to calculate their Solar Renewable Portfolio Standard (SRPS) requirements, all Retail Entities serving Load in the state of Texas shall provide Load data to ERCOT on a monthly basis, and no later than the 38th day after the last Operating Day of the month, 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:

(a) Retail Entities 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; or

(b) 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.

(i) Entities reporting under paragraph (b) shall not include any MWhs served to a location for which a Customer has submitted a notice letter pursuant to subsection (f) of P.U.C. Subst. R 25.173, Renewable Energy Credit Program.

(ii) Notwithstanding the foregoing reporting requirements, such Entities shall submit monthly MWh Load data for December of each year by no later than January 15 of the following year. Any error in estimating December Load shall be corrected by the submitting Entity in the following year’s true-up calculation as per subsection (f)(2) of P.U.C. Subst. R. 25.173.

(2) On a monthly basis, ERCOT shall calculate the MWh consumption of energy by Customers served by Retail Entities in Texas, using Load data submitted by program participants. ERCOT shall adjust the Load data to ensure that any Load (MWh) covered by notice consistent with Section 14.5.3, End-Use Customers, is removed.

(3) The failure of a Retail Entity to report required Load data (including Load data for Electric Service Identifiers (ESI IDs) or accounts covered by notice, as specified in Section 14.5.3) in accordance with the Protocols shall result in estimation of Load data for the applicable Retail Entity by ERCOT for purposes of allocation of annual SRPS requirements.

14.5.3 End-Use Customers

(1) To enable ERCOT to determine the total retail sales of all Retail Entities and the retail sales of a specific Retail Entity for Section 14.9.3.1, Preliminary Solar Renewable Portfolio Standard Requirement for Retail Entities, and Section 14.9.5, Final Solar Renewable Portfolio Standard Requirement, a transmission-level voltage Customer that wishes to have its Load excluded from SRPS calculations pursuant to subsection (f) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program, must submit the information in accordance with the rule.

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.

14.6.2 Awarding of Compliance Premiums

(1) A Compliance Premium is awarded by the Program Administrator in conjunction with a REC that is generated by a renewable energy Resource installed and certified after September 1, 2005 that is not powered by wind. For the purpose of the Solar Renewable Portfolio Standard (SRPS) requirements, one Compliance Premium is equal to one REC.

(2) One Compliance Premium shall be awarded for each REC awarded for energy generated until December 31, 2024.

**14.8 Renewable Energy Credit Offsets**

(1) To qualify for Renewable Energy Credit (REC) offsets in the REC Trading Program, a Retail Electric Provider (REP), Municipally Owned Utility (MOU), generation and transmission cooperative, distribution cooperative, or an affiliate of a REP, MOU, generation and transmission 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 Retail Entity on January 1, 2002. A REC offset represents one MWh of renewable energy from a renewable energy generator placed in service before September 1, 1999 that may be used in place of a REC to meet a renewable energy requirement. REC offsets may not be traded.

(2) 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 Retail Entity as part of its calculation of Final Solar Renewable Portfolio Standard (SRPS) Requirements (FSRRs). 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.

(3) For purposes of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program, a generation and transmission cooperative shall be responsible for the cumulative total of its cooperative members’ renewable energy requirements as well as its affiliated cooperative members’ renewable energy requirements. At the election of its board of directors, a generation and transmission cooperative will become responsible for the cumulative total of its distribution cooperatives’ SRPS requirements. The sharing of the REC offsets of the generation and transmission cooperative among its distribution cooperatives shall not affect the cumulative total of the SRPS requirements of the distribution cooperative members, or its affiliated cooperative members in meeting their share of the state’s goals for renewable energy Resources.

**14.9 Allocation of Statewide Solar Renewable Portfolio Standard Requirement Among Retail Entities**

(1) The first quarter of each year shall be the Settlement period for the preceding Compliance Period. During this Settlement period each year the following actions shall occur:

(a) No later than the date set forth in P.U.C. Subst. R. 25.173, Renewable Energy Credit Program, the Program Administrator shall allocate the Statewide Solar Renewable Portfolio Standard (SRPS) Requirement (SSRR) for the previous year’s Compliance Period among all Retail Entities in the state. This allocation represents the Solar Renewable Energy Credit (SREC) compliance requirements for the preceding Compliance Period. To perform this calculation, ERCOT shall use Load data provided to it as set forth in these Protocols.

(b) By the date set forth in P.U.C. Subst. R. 25.173, the Program Administrator shall notify each Retail Entity of its Final SRPS Requirement (FSRR) for the previous Compliance Period.

(c) The Program Administrator may request from the Public Utility Commission of Texas (PUCT) an adjustment to the deadlines set forth in this Section if certain factors, including but not limited to changes to the ERCOT Settlement Calendar, should affect the timely availability of reliable retail sales data or renewable Resource generation data necessary for calculating SRPS requirements.

14.9.1 Annual Capacity Targets

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Annual Capacity Target**  **(MW)** |  |  | **Compliance Period**  **(Years)** |
| 1,310 |  |  | 2024 |
| 655 |  |  | 2025 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

(2) RECs may be produced by generators certified by the PUCT which are not located in Texas if:

(a) The first metering point for such generation is in Texas; and

(b) All generation metered at the location of injection into the Texas grid comes from that generator.

(3) 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 Trading Program. However, as such generation may contribute to the available pool of RECs, it is conceivable that there may be sufficient RECs to allow Retail Entities to meet their annual requirements, while at the same time, a target capacity shortfall for installed renewable capacity in Texas could exist.

14.9.2 Capacity Conversion Factor

(1) ERCOT shall set the Capacity Conversion Factor (CCF) to allocate credits to Retail Entities. ERCOT shall determine a new CCF as follows:

Individual Facility CCF *i =* (12/n)\*HO *l, t* / (HC *i, t* \*h)

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| **Variable** | **Unit** | **Description** |
| h | None | Number of hours in the Compliance Period. h = 8,760 for the 2024 Compliance Period and 5,840 for the 2025 Compliance Period. |
| *i* | None | Individual solar renewable energy generation facility |
| n | None | Number of months a specific solar renewable energy generation facility was in operation over the past 24 months. *n* must be greater than or equal to 12 and less than or equal to 24. |
| HO *l, t* | MWh | Total production by participating solar renewable generator *i* during Compliance Period *t*. |
| HC *i, t* | MW | Average total generation capacity by participating solar renewable generator *i* during Compliance Period *t*. |

and

CCF =  (CCF *i* \* PC *i*) / PC *i*

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| **Variable** | **Unit** | **Description** |
| *q* | None | The total number of solar renewable energy generation facilities in the REC Trading Program |
| PC *i* | MW | Participating Capacity as of September 30 of the year the revised CCF is calculated for solar renewable energy generation facility *i* in the state of Texas participating in the REC Trading Program for which at least 12 months of operating data are available. |

(2) The CCF shall:

(a) Be based on actual solar generator performance data for calendar years 2022 and 2023 all solar renewable Resources in the REC Trading Program during that period for which at least 12 months of performance data are available;

(b) Represent a weighted average of generator performance; and

(c) Use all actual generator performance data that are available for each solar renewable Resource, excluding data for testing periods.

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

(4) ERCOT shall use this revised CCF for the two Compliance Periods immediately after it is set (calendar years 2024 and 2025). If the PUCT has determined that the REC Trading Program is failing to meet the statutory targets for solar 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 the ERCOT website within ten Business Days of receipt of the letter from the PUCT.

***14.9.3 Statewide Solar Renewable Portfolio Standard Requirement***

(1) ERCOT shall determine the SSRR for a particular Compliance Period as follows:

SSRR = (ACT  h  CCF) + RCP

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| **Variable** | **Unit** | **Description** |
| ACT | MW | Annual Capacity Target for new solar renewable energy generation facilities. |
| h | None | Number of hours in the Compliance Period. h = 8,760 for the 2024 Compliance Period and 5,840 for the 2025 Compliance Period. |
| CCF | None | Capacity Conversion Factor. |
| RCP | None | The number of Compliance Premiums retired from solar Resources only during the previous Compliance Period. |

**14.9.3.1 Preliminary Solar Renewable Portfolio Standard Requirement for Retail Entities**

(1) ERCOT shall determine each Retail Entity’s Preliminary SRPS Requirement as follows:

Preliminary SRPS Requirement *i*= SSRR \* (CRSRES *i* / TS)

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| **Variable** | **Unit** | **Description** |
| *i* | None | Specific Retail Entity. |
| SSRR | REC | Statewide SRPS Requirement. |
| CRSRES i | MWh | Retail sales of the specific Retail Entity to Texas Customers during the Compliance Period, excluding sales by the specific Retail Entity to any Electric Service Identifiers (ESI IDs) or accounts for which an opt-out notice has been submitted under subsection (f) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program. |
| TS | MWh | Total retail sales of all Retail Entities to Texas Customers during the Compliance Period, excluding all sales of all Retail Entities to ESI IDs or accounts for which an opt-out notice has been submitted under subsection (f) of P.U.C. Subst. R. 25.173. |

(2) The sum of the Preliminary SRPS Requirements for all Retail Entities shall be equal to the SSRR.

***14.9.4 Application of Offsets - Adjusted Solar Renewable Portfolio Standard Requirement***

(1) For a Retail Entity that has been awarded offsets by the PUCT, ERCOT shall subtract the REC offset amount from the Preliminary SRPS Requirement. The reduction shall not exceed what would be necessary for the FSRR to be zero. The total MWh reduction in the Preliminary SRPS Requirement for all Retail Entities constitutes Total Useable Offsets (TUOs).

(2) ERCOT shall determine each Retail Entity’s Adjusted SRPS Requirement (ARR) as follows:

ARR *i*= Preliminary SRPS Requirement *i* – EO *i*

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| **Variable** | **Unit** | **Description** |
| *i* | None | Specific Retail Entity. |
| EO *i* | None | Total offsets the Retail Entity is entitled to receive during the Compliance Period (not to exceed the Retail Entity’s FSRR before adjustment for any previous Compliance Period). |

(3) ERCOT shall determine TUOs as follows:

TUO = SSRR – ARR *i*

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| **Variable** | **Unit** | **Description** |
| *i* | None | Specific Retail Entity. |
| *n* | None | Number of Retail Entities. |
| SSRR | None | Statewide SRPS Requirement. |
| ARR *i* | None | Adjusted SRPS Requirement for a specific Retail Entity. |

***14.9.5 Final Solar Renewable Portfolio Standard Requirement***

(1) ERCOT shall redistribute the TUO amount over all Retail Entities to determine the FSRRs. ERCOT shall determine each Retail Entity’s FSRR as follows:

FSRR = ARR *i* + (TUO × (CRSRES *i* / TS)) +/- Previous Year(s) FSRR adjustment (recalculated in accordance with subsection (f)(2) of P.U.C. SUBST. R. 25.173, Renewable Energy Credit Program)

The above variables are defined as follows:

| **Variable** | **Unit** | **Description** |
| --- | --- | --- |
| ARR *i* | None | Adjusted SRPS Requirement for a specific Retail Entity. |
| TUO | None | Total Usable Offsets. |
| CRSRES *i* | MWh | Retail sales of the Retail Entity to Texas Customers during the Compliance Period, excluding sales by the specific Retail Entity to any ESI IDs or accounts for which an opt-out notice has been submitted under subsection (f) of P.U.C. Subst. R. 25.173. |
| TS | MWh | Total retail sales of all Retail Entities to Texas Customers during the Compliance Period, excluding all sales or accounts of all Retail Entities to ESI IDs for which an opt-out notice has been submitted under subsection (f) of P.U.C. Subst. R. 25.173. |

(2) This process will be an iterative process that will solve until the optimal allocation is reached with all FSRRs resolved to the nearest whole REC.

(3) ERCOT shall notify each Retail Entity of its FSRR for the previous Compliance Period no later than the date set forth for such Notification in subsection (i)(l) of P.U.C. Subst. R. 25.173.

***14.10.1 Mandatory Retirement***

(1) For each Compliance Period, by the date set forth in subsection (i)(2) of P.U.C. Subst. R. 25.173, Renewable Energy Credit Program, each Retail Entity’s Designated Representative shall notify ERCOT of the RECs or Compliance Premiums in its REC trading account to be used (retired) to satisfy its Final Solar Renewable Portfolio Standard (SRPS) Requirement (FSRR) for the Compliance Period being settled. Each REC or Compliance Premium that is not used will remain in the holder’s REC trading account until it is transferred to another party’s account, expires, or is otherwise retired.

(2) Failure to provide sufficient RECs or Compliance Premiums by the date set forth in subsection (i)(2) of P.U.C. Subst. R. 25.173 shall be considered a failure of that Retail Entity to meet its REC retirement obligations. ERCOT shall notify the Public Utility Commission of Texas (PUCT) when any Retail Entity fails to meet its REC retirement obligations.

***14.10.2 Voluntary Retirement***

(1) At the request of a REC Account Holder, ERCOT shall retire RECs and Compliance Premiums for reasons other than for meeting the mandated SRPS requirements. Voluntarily retired RECs and Compliance Premiums may not be used to satisfy a Retail Entity’s SRPS requirement. ERCOT shall include information concerning RECs and Compliance Premiums retired voluntarily in its annual report to the PUCT.

**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) Final Solar Renewable Portfolio Standard (SRPS) Requirement (FSRR) of each Retail Entity;

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

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

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

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

(o) List of all Retail Entities in compliance with SRPS requirement; and

(p) List of all Retail Entities not in compliance with SRPS requirement including the number of RECs by which they were deficient.