

NPRR 1264: Creation of a New Energy Attribute Certificate Program

ERCOT Board Meeting

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Granular Energy Attribute Certificate Program

What is it?

- 1. Expands RECs to EACS.** Per HB 1500, turns the compliance RPS into a voluntary program that expands issuance of certificates to any technology and adds additional information to the certificate.
 - Renewables Energy Certificates → Energy Attribute Certificates
- 2. Granular information:** adds hourly timestamps, additional location data and other attributes
- 3. 3rd Party Certifiers:** To add value to the EAC program, this NPRR creates a new category of participants – third-party certification programs. EAC Account Holders may use these third parties to provide documentation to ERCOT and other Market Participants about how they charged energy storage devices, provided fuel for generators, or met certain operational characteristics to be determined by Market Participants.
- 4. Allows for 3rd Party Administrator:** ERCOT would allow a third-party administrator to administer the program.
- 5. Updated software:** adds a robust programmatic interface to EAC trading and accounting.

Why is it needed?

Enables a new wave of innovative transactions and retail products

- Would enable a wider variety of innovative transactions and retail products that can create markets for new technologies and facilitate transactions that optimize grid or emissions impacts.
- Third-party certification systems can register with ERCOT to provide validation methodologies for technologies like storage or low-carbon gas that would be key to market trust and validation.

More technologies can transact with customers

Customers can't sign transactions for technologies like nuclear, CCS and storage without certificates:

- Nuclear
- Carbon capture and storage
- Low-carbon fuels
- Battery storage
- Direct air capture

New transactions and products enable new markets and services

Granular EACs and transparency enable:

- Methodologies for storage
- Methodologies for CCS and low-carbon fuels
- 24/7 self-firming / marginal emissions and

Why is this in ERCOT's Mission?

ERCOT's Retail Market & Guidance from HB 1500

- ERCOT's mission includes facilitating retail competition. Since the early 2000s, REPs have offered specialized products based on RECs, the predecessor to EACs.
 - Expanding the REC program to account for any kind of energy expands customer choice options and helps to drive competition.
- Senator King's amendments to HB 1500 directed ERCOT to eliminate the Renewable Portfolio Standard but maintain a voluntary market for certificates.
 - TEBA is confident that many buyers of certificates desire additional tracking options to help facilitate their choices they make in the retail market.
- To the extent that some customers have emission related concerns for investing in new natural gas, EAC flexibility provides those customers with a pathway to make natural gas investments with confidence.

Impact Assessment Options

Multiple paths forward

- 1. ERCOT publishes data but 3rd party issues certificates and/or operates the API/software**
- 2. ERCOT fully administers the program**
- 3. ERCOT publishes raw data publicly** (least preferred by customers)

Thank you!

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