**Reservation of Rights:** *All draft Provider of Choice (POC) contract language presented by BPA for discussion is subject to ongoing review and revision. Prior to finalizing the POC contract templates, BPA will publish complete contract templates for public review and comment. BPA acknowledges that failure to offer edits or comments on this document does not preclude a stakeholder from offering edits or comments during the formal public review.*

**Summary of Changes**

BPA is proposing a significant rewrite of Exhibit H. Knowing that federal and state regulations on RECs, carbon and other emissions continue to evolve, BPA is proposing to maintain flexibility with its Environmental Attribute allocation methodology. BPA is proposing to engage customers through a public process after the conclusion of each Rate Case and prior to a new Rate Period to determine REC Inventories and Attribute Pools. The proposed language addresses the new proposed process at a high-level while, consistent with policy, committing to convey RECs and Environmental Attributes to customers commensurate with the physical amount of power they buy.

Other proposed changes of note: (1) since RECs are distributed to customers on a calendar year basis, BPA is asking Regional Dialogue CHWM Customers to allow BPA to calculate and transfer those RECs generated from October 1, 2028 - December 31, 2028 in accordance with how the pro rata share was calculated and transferred in the prior Fiscal Year. This would be a one-time occurrence, which would provide significant administrative efficiencies over having to employ two different REC distribution methodologies for RECs generated in calendar year 2028. (2) BPA has proposed new language addressing any state emissions compliance obligation placed on electricity importers that provide power to a customer. The new language allows for the customer to transfer state-issued Emission Allowances to BPA. (3) BPA is no longer proposing to remarket customer’s pro rata share of RECs; customers will either have BPA transfer their RECS into a WREGIS account, a third-party WREGIS account, or a BPA-managed WREGIS subaccount. (4) BPA has moved the WREGIS subaccount provisions from Exhibit D into Exhibit H.

**For the December 18 workshop**:

* BPA is proposing some edits based on feedback received at and following the November 14 workshop.
* Because there were so many redlines from prior versions, current edits were difficult to decipher. Therefore, in this 12/18 workshop version, BPA accepted all prior edits. The redlines in this document represent only the edits made since the November 14 workshop.
* Please see the comment boxes for explanations.

Also, at the end of this document, BPA is, in response to customer comment, proposing a new section 3.7/3.8 that adds a pointer in the body of this Agreement, stating that BPA will transfer RECs in accordance with Exhibit H. BPA has folded this new section 3.7/3.8 into section 3 in the contract template, but is adding it here with Exhibit H language for ease of review.

**Related Definitions**

See section 2 of Exhibit H.

**Exhibit H**

**RENEWABLE ENERGY CERTIFICATES AND ENVIRONMENTAL ATTRIBUTES*(XX/XX/XX Version)***

**1. PURPOSE AND INTENT; DISCLAIMER**

The Parties acknowledge that: different jurisdictions, regulatory programs, and entities (federal, state, county, cities, and others) have different definitions for environmental attributes, renewable energy credits/certificates, emissions credits, and similar instruments; the various jurisdictions, programs, and entities are inconsistent in how they define and address these concepts; and these concepts are continually evolving. Accordingly, BPA makes no representations or warranties of any kind regarding the definition, or nature of, the environmental attributes, renewable energy credits/certificates, emissions credits, or similar instruments conveyed herein, and BPA does not represent or warrant that any of these items are suitable for a particular purpose or regulatory program. Whatever the regulatorily-defined environmental characteristics are of the power that customers buy from BPA, the purpose and intent of this Exhibit H is to implement section 7 of the Provider of Choice Policy by conveying to «Customer Name», in accordance with this Exhibit H, all Environmental Attributes, if any, and to the extent they exist, commensurate with the physical amount of power they buy. Section 3 below accomplishes this by BPA: (1) agreeing to register applicable generation, (2) providing for the creation of an Environmental Attribute Accounting Process, (3) producing Inventories of RECs based on power generated, and (4) committing to provide, for customers’ use, an emissions accounting and non-emitting generation accounting.

**2. DEFINITIONS**

2.1 “Attribute Pools” means the results calculated in the Environmental Attribute Accounting Process whereby the physical resources and forecasted power deliveries associated with each of BPA’s rates and firm power obligations are determined for the upcoming Rate Period.

2.2 “Emissions Allowance” means an authorization in a given jurisdiction to emit a specified amount of carbon dioxide equivalent or other measurement of greenhouse gases, and documented as an emissions credit, certificate, or similar instrument.

2.3 “Environmental Attribute Accounting Process” means the public process BPA will conduct each Rate Case Year, after the conclusion of each routine power rate 7(i) Process, during which the allocation methodology and Attribute Pools for BPA’s Environmental Attributes for the upcoming Rate Period will be determined.

2.4 “Environmental Attributes” means the environmental characteristics of power, however titled and arising under any federal, state, or local law or regulation, including but not limited to current or future certificates, credits, benefits, and avoided emissions attributable to the generation of energy from a resource. Environmental Attributes do not include the tax credits associated with such resource. One megawatt‑hour of energy generation from a resource is associated with one megawatt‑hour of Environmental Attributes.

2.5 “Inventory” or “Inventories” means the Environmental Attributes, including RECs, that are attributable to the output of generation resources, by Attribute Pool(s).

2.6 “Renewable Energy Certificates” or “Renewable Energy Credits” or “RECs”means the tradeable certificates, credits, documentation, or other evidence that demonstrates: (1) that the electricity was generated from a renewable energy generating unit and (2) proof of ownership of such generated electricity in a REC tracking system. Some jurisdictions may interpret a REC to include the Environmental Attributes of energy. One megawatt-hour of energy generation from a resource registered with the tracking system under section 5 is associated with one REC.

2.7 “Retire” or “Retirement” means an action taken to remove a REC from circulation within a REC tracking system.

**3. ENVIRONMENTAL ATTRIBUTE INVENTORY AND ACCOUNTING**

As described in section 1 of this exhibit, Environmental Attributes are defined by various jurisdictions. The Parties acknowledge that the Environmental Attribute accounting outlined below will be provided consistent with physical deliveries of power.

3.1 **Registration of Renewable Energy Generating Units**

BPA shall take all reasonable steps to register the applicable renewable energy generating units in BPA’s system mix, including any hydro resources, with the tracking system selected under section 5 of this Exhibit H.

3.2 **Environmental Attribute Accounting Process**

Starting after issuance of the Final ROD of the BP-29 power rate 7(i) Process, and after the issuance of the Final ROD in each subsequent routine power rate 7(i) Process thereafter through the term of the Agreement, BPA shall conduct an Environmental Attribute Accounting Process for each upcoming Rate Period.

3.3 **REC Inventory Accounting**

No later than April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall calculate its Inventory for RECs for each Attribute Pool created during the prior calendar year from the applicable Environmental Attribute Accounting Process for the applicable Rate Period.

3.4 **Emission Accounting**

No later than June 1, 2029 and by each June thereafter, and as an outcome of the Environmental Attribute Accounting Process, BPA will provide emission accounting information and, if applicable, will provide such information consistent with state rules.

3.5 **Non-Emitting Electric Generation Accounting**

No later than June 1, 2029 and by each June thereafter, and as an outcome of the Environmental Attribute Accounting Process, BPA will provide non-emitting electric generation accounting information and, if applicable, will provide such information consistent with state rules.

**4. CUSTOMER’S SHARE OF RECS**

*Drafter’s Note: Include the following paragraph for customers that had a Regional Dialogue CHWM Contract.*

All capitalized terms used in this paragraph and the related underlying processes described in this paragraph shall be as defined, determined and calculated under «Customer Name»’s Regional Dialogue CHWM Contract. By April 15, 2029, BPA shall transfer to «Customer Name» or manage a pro rata share of Available Tier 1 RECs from calendar year 2028 based on «Customer Name»’s FY 2028 RHWM divided by the total FY 2028 RHWMs of all customers with Regional Dialogue CHWM Contracts. BPA shall also transfer to «Customer Name» its share of Tier 2 RECs, if applicable, generated during calendar year 2028. «Customer Name» agrees that its REC transfer or management election (WREGIS, WREGIS subaccount, or remarketing) for Fiscal Year 2028 shall apply for all calendar year 2028.

*End option.*

By April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall determine «Customer Name»’s share of RECs as a pro rata share of the actual megawatt hours of power «Customer Name» purchased from BPA the prior calendar year under this Agreement. «Customer Name»’s pro rata share of each Inventory of RECs shall be calculated as the actual megawatt hours of power «Customer Name» purchased from BPA under this Agreement during the prior calendar year in the applicable Attribute Pool divided by the sum of all power purchased from BPA for the applicable Attribute Pool.

**5. TRANSFER AND TRACKING OF RECS**

By December 1, 2029, «Customer Name» shall provide written notice to BPA stating which one of the three options below it elects for the transfer of «Customer Name»’s share of RECs, for the remaining term of the Agreement. However, «Customer Name» may change its transfer election for the remaining term of the Agreement by providing written notice to BPA of such change by December 1, 2030 or by any December 1 over the remaining term of the Agreement.

(1) BPA shall transfer «Customer Name»’s share of RECs into «Customer Name»’s own WREGIS account, which shall be established by «Customer Name»; or

(2) BPA shall transfer «Customer Name»’s share of RECs into a BPA-managed WREGIS subaccount. Such subaccount shall be established by BPA on «Customer Name»’s behalf and the terms and conditions of which shall be determined by the Parties in a separate agreement; or

(3) BPA shall transfer «Customer Name»’s share of RECs into a third party-managed WREGIS account. «Customer Name» shall notify BPA of the third-party WREGIS account number in its notice provided pursuant to this section 5.

By April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall transfer «Customer Name»’s share of RECs from the prior calendar year to «Customer Name» via WREGIS in accordance with its transfer election.

If «Customer Name»’s WREGIS account number has changed, then «Customer Name» shall notify BPA of such change by December 1, 2028 and by each December 1 over the remaining term of this Agreement.

All references to WREGIS in this Exhibit H should be understood to mean WREGIS or a comparable commercial tracking system. BPA may change commercial tracking systems with reasonable advance notice to «Customer Name». In such case, the Parties shall establish a comparable process for BPA to provide «Customer Name» its share of RECs.

**6. FEES**

BPA shall pay any reasonable fees associated with: (1) the transfer of «Customer Name»’s RECs into any WREGIS account or WREGIS subaccount and (2) the establishment of any WREGIS subaccounts in «Customer Name»’s name pursuant to section 5 of this exhibit. «Customer Name» shall pay all other fees associated with any WREGIS or successor commercial tracking system, including WREGIS Retirement, reserve, and export fees.

**7. EMISSION ALLOWANCES**

7.1 **BPA Compliance with Emission Allowance Program(s)**

If over the term of this Agreement BPA incurs an emissions compliance obligation placed on electricity importers that provide power to «Customer Name»’s service territory, and if based on that compliance program:

(1) BPA is obligated to obtain Emission Allowances sufficient to cover power purchased under this Agreement to «Customer Name», and

(2) «Customer Name» is eligible to receive Emission Allowances at no cost from «Customer Name»’s applicable jurisdiction and which can be used directly for compliance,

then «Customer Name» shall transfer, or otherwise provide, Emission Allowances to BPA on the schedule and in the amount agreed to by BPA and «Customer Name» that is sufficient to satisfy BPA’s compliance obligations that arise in order to serve «Customer Name»’s load in its state.

The Parties shall revise section 7.2 below to include the specific terms and conditions, such as the calculation of the Emission Allowances to be transferred, and cost responsibilities, if any, associated with the transfer of Emission Allowances to BPA.

If «Customer Name» elects to not revise this Exhibit H to include applicable special provisions in section 7.2 below, then BPA shall apply and «Customer Name» shall pay the applicable Emissions Allowance costs through charges established in the BPA Wholesale Power Rate Schedules and GRSPs.

7.2 **Transfer of Emission Allowances to BPA**

Placeholder for special provisions.

*Drafter’s Note: Include the following for customers with a BPA-managed WREGIS subaccount.*

**8. TERMS AND CONDITIONS OF CUSTOMER’S WREGIS SUBACCOUNT**

8.1 **Establishment of WREGIS Subaccount**

In accordance with «Customer Name»’s election under section 5(2) above , BPA shall establish a subaccount in «Customer Name»’s name within BPA’s WREGIS account. BPA shall provide «Customer Name» read‑only access to its subaccount.

BPA shall use such subaccount for the purposes of administering the provisions of this Agreement related to RECs that «Customer Name» receives from BPA.

«Customer Name» gives its consent to be bound by the terms stated in the WREGIS Account Holder Registration Agreement, also referred to as the WREGIS Terms of Use (WREGIS TOU) Agreement, executed by BPA and including any revisions. BPA shall provide «Customer Name» a copy of the executed WREGIS TOU Agreement upon request.

8.2 **Transfer of RECs to Customer’s WREGIS Subaccount**

BPA shall transfer «Customer Name»’s share of RECs to «Customer Name»’s WREGIS subaccount pursuant to the timeline established in section 5 above.

8.3 **Resale, Purchase, and Retirement of RECs**

If «Customer Name» wants to sell RECs received from BPA or purchase RECs other than those RECs it receives from BPA, then «Customer Name» shall request that BPA terminate its WREGIS subaccount pursuant to section 8.5 below and «Customer Name» shall establish its own WREGIS account.

Upon receipt of written notice from «Customer Name» of RECs «Customer Name» wants BPA to Retire, BPA shall Retire «Customer Name»’s RECs on its behalf. In such Retirement notice, «Customer Name» shall identify REC quantity, the name of the renewable project(s) which generated the RECs, and the month and year the RECs were generated by the project(s).

8.4 **WREGIS Subaccount Fees**

BPA shall pay the fees associated with «Customer Name»’s WREGIS subaccount consistent with section 5 of this exhibit. BPA shall pass through and «Customer Name» shall reimburse BPA for all other fees associated with «Customer Name»’s WREGIS subaccount including but not limited to any REC Retirement fees. «Customer Name» shall be responsible for all WREGIS fees incurred from the termination of its WREGIS subaccount, and «Customer Name» shall pay all fees associated with establishment of its own WREGIS account.

8.5 **Termination of Customer’s WREGIS Subaccount**

Either Party may terminate «Customer Name»’s WREGIS subaccount after providing written notice to the other Party.

BPA shall not terminate «Customer Name»’s WREGIS subaccount until (1) «Customer Name» has established its own WREGIS account or «Customer Name» has arranged for its RECs to be handled by a third party and (2) BPA has received written notice from «Customer Name» to transfer 100 percent of «Customer Name»’s RECs into «Customer Name»’s own WREGIS account or a third-party WREGIS account. After BPA has transferred «Customer Name»’s RECs from its WREGIS subaccount to «Customer Name»’s new WREGIS account or a third party WREGIS account, «Customer Name» may not have both a WREGIS account and a WREGIS subaccount open at the same time.

Unless otherwise agreed by the Parties, if «Customer Name» asks BPA to terminate its WREGIS subaccount, then BPA shall not establish another WREGIS subaccount for «Customer Name» for the remaining term of this Agreement.

*End WREGIS Subaccount Option*

**«#». REVISIONS**

BPA may unilaterally revise this exhibit:

(1) to add or remove the terms and conditions of «Customer Name»’s WREGIS subaccount following either «Customer Name»’s election of a WREGIS subaccount pursuant to section 5 of this exhibit or either Party’s notice for termination of a WREGIS subaccount; and

(2) to incorporate any significant edits related to a change to the commercial tracking system, pursuant to the last paragraph of section 5 of this exhibit.

All other changes require mutual agreement.

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3.7/3.8 **Transfer of Renewable Energy Certificates**

BPA shall provide any applicable Renewable Energy Certificates (RECs), emission accounting information, and non-emitting generation accounting information to «Customer Name» in accordance with Exhibit H.