**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.

**Reservation of Rights**

The following draft language has not been agreed to by NRU or WPAG or any of their members and is provided for discussion purposes only. The draft Provider of Choice contract red-lines, including this section, are subject to ongoing review and recommended revision. NRU and WPAG reserve the right to subsequently object to, and if necessary, reject the language below, in whole or in part, and/or propose alternative language, including the right to reject or propose alternatives to the edits proposed in this draft.

**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. 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, of the respective Tier 1 System Resources, Balancing Power Purchases, Tier 1 Non-Slice Capacity Acquisitions, Tier 2 Acquisitions, and All Other Resource Acquisitions used by BPA to meet its various load service obligations to «Customer Name» under this Agreement commensurate with the amount of physical power «Customer Name» buys from BPA at the Tier 1 Rate, Tier 2 Long-Term Rate, Tier 2 Short-Term Rate, Tier 2 Vintage Rate(s), and NR Rate, as applicable. Notwithstanding BPA’s conveyance of all such Environmental Attributes in accordance with this Exhibit H, BPA disclaims any warranty that the Environmental Attributes so conveyed are suitable for a particular purpose or regulatory program.

**2. DEFINITIONS**

2.1 “All Other Resource Acquisitions” has the meaning set forth in the PRDM.

2.2 “Attribute Pools” means the Tier 1 Attribute Pool, Tier 2 Long-Term Attribute Pool, Tier 2 Short-Term Attribute Pool, Tier 2 Vintage Attribute Pool(s), and NR Attribute Pool.

2.3 “Balancing Power Purchases” has the meaning set forth in the PRDM.

2.4 “Contract High Water Mark” or “CHWM” has the meaning set forth in the PRDM.

2.5 “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.

2.6 “Environmental Attribute Accounting Process” means the public process BPA will conduct each Rate Case Year to determine the Environmental Attribute Allocation Methodology for the upcoming Rate Period.

2.7 “Environmental Attribute Allocation Methodology” means the methodology established in each Environmental Accounting Process for allocating RECs produced by the renewable energy Generating Units in the Resource Pools during the Rate Period to the appropriate Attribute Pools. As depicted in Attachment 1 to this Exhibit H, the Environmental Attribute Allocation Methodology for a given Rate Period will be developed to assign such RECs to the Attributes Pools consistent with how the costs of the various Resources Pools are assigned pursuant to the PRDM to the Tier 1 Rate, Tier 2 Long-Term Rate, Tier 2 Short-Term Rate, Tier 2 Vintage Rate(s), and NR Rate in the applicable power rate 7(i) Process for the subject Rate Period.

2.8 “Environmental Attributes” means any and all current or future certificates, credits, benefits, avoided emissions, emission reductions, offsets, and allowances—however titled and arising under any federal, state, or local law or regulation--attributable to the generation of energy from a Generating Unit, and its avoided emission of pollutants. Environmental Attributes includes any characteristic concerning or affecting the environment created by or resulting from the generation of electric energy by a renewable energy Generating Unit. Without limiting the foregoing, Environmental Attributes include both “non-energy attributes” under Oregon law and “non-power attributes” under Washington law. Environmental Attributes do not include (i) any energy, capacity, reliability, or other power attributes from the Generating Unit; (ii) production tax credits associated with the construction or operation of the Generating Unit and other financial incentives in the form of credits, reductions, or allowances associated with the resource that are applicable to a state, provincial, or federal income taxation obligation; (iii) fuel-related subsidies or “tipping fees” that may be paid to the seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits; or (iv) Emission Allowances encumbered or used by the Generating Unit for compliance with local, state, provincial, or federal operating, air quality permits, or other similar requirements. One megawatt‑hour of energy generation from a renewable energy Generating Unit is associated with one megawatt‑hour of Environmental Attributes.

2.9 “Generating Unit” means any combination of physically connected generators, reactors, boilers, combustion turbines, and other prime movers operated together to produce electric power or thermal energy.

2.10 “Inventory” or “Inventories” means the RECs calculated in the REC Inventory Accounting Process for each Attribute Pool.

2.11 “NR Attribute Pool” means the renewable energy Generating Units from the applicable Resource Pools used to meet BPA’s NR Rate obligations for «Customer Name»’s NLSL(s) under this Agreement, as determined using the Environmental Attribute Allocation Methodology established in the applicable Environmental Attribute Accounting Process for the Rate Period.

2.12 “NR Rate” has the meaning set forth in the PRDM.

2.13 “REC Inventory Accounting Process” is the process described in section 3.2 of this Exhibit H.

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2.14 “Renewable Energy Certificates” or “Renewable Energy Credits” or “RECs”means (1) the tradeable certificates, credits, documentation, or other evidence that represents all Environmental Attributes of a megawatt-hour of electricity generated from a renewable energy Generating Unit registered with the tracking system selected under section 5 of this Exhibit H and (2) proof of ownership of such Environmental Attributes in the REC tracking system. One megawatt-hour of energy generation from a renewable energy Generating Unit registered with the tracking system selected under section 5 is associated with one REC.

2.15 “Resource Pools” mean the Tier 1 System Resources, Balancing Power Purchases, Tier 2 Acquisitions, Tier 1 Non-Slice Capacity Acquisitions, and All Other Resource Acquisitions used by BPA to meet its load service obligations under this Agreement.

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

2.17 “Tier 1 Attribute Pool” means the renewable energy Generating Units from the applicable Resource Pools used to meet BPA’s CHWM obligations under this Agreement, as determined using the Environmental Attribute Allocation Methodology established in the applicable Environmental Attribute Accounting Process for the Rate Period.

2.18 “Tier 1 Rate” has the meaning set forth in the PRDM.

2.19 “Tier 1 System Resources” has the meaning set forth in the PRDM.

2.20 “Tier 2 Acquisitions” has the meaning set forth in the PRDM.

2.21 “Tier 2 Long-Term Attribute Pool” means the renewable energy Generating Units from the applicable Resource Pools used to meet BPA’s Tier 2 Long-Term Rate obligations, as determined using the Environmental Attribute Allocation Methodology established in the applicable Environmental Attribute Accounting Process for the Rate Period.

2.22 “Tier 2 Long-Term Rate” has the meaning set forth in the PRDM.

2.23 “Tier 2 Short-Term Attribute Pool” means the renewable energy Generating Units from the applicable Resource Pools used to meet BPA’s Tier 2 Short-Term Rate obligations under this Agreement, as determined using the Environmental Attribute Allocation Methodology established in the applicable Environmental Attribute Accounting Process for the Rate Period.

2.24 “Tier 2 Short-Term Rate” has the meaning set forth in the PRDM.

2.25 “Tier 2 Vintage Attribute Pool(s)” means the renewable energy Generating Units included from the applicable Resource Pools used to meet BPA’s Tier 2 Vintage Rate obligations, as determined using the Environmental Attribute Allocation Methodology established in the applicable Environmental Attribute Accounting Process for the Rate Period. There can be more than one Tier 2 Vintage Attribute Pool.

2.26 “Tier 2 Vintage Rate(s)” has the meaning set forth in the PRDM.

**3. REC INVENTORY AND ACCOUNTING**

3.1 **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 to establish the Environmental Attribute Allocation Methodology for each upcoming Rate Period.

3.2 **REC Inventory Accounting Process**

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 produced during the prior calendar year based on the actual electric energy output during said prior calendar year of the renewable energy Generating Units allocable to each such Attribute Pool using the Environmental Attribute Allocation Methodology established in the Environmental Attribute Accounting Process for the applicable Rate Period.

 3.3 **Transparent REC Accounting**

In its performance of its obligations under this section 3 and section 10 below, BPA shall provide a transparent accounting of the renewable energy Generating Units in the Resource Pools as well as transparent accounting for the production and conveyance of RECs and Environmental Attributes from such Generating Units.

**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 energy «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 energy «Customer Name» purchased from BPA under this Agreement during the prior calendar year in the applicable Attribute Pool divided by the sum of all energy purchased during the same period from BPA for the applicable Attribute Pool.

**5. TRANSFER AND TRACKING OF RECS**

By December 1, 2028, «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, 2029 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 5of 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»,

(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, and

(3) «Customer Name» does not require such Emission Allowances to meet its own emissions compliance requirements or «Customer Name» has its own emissions compliance requirements but elects not to use the Emission Allowances it has received to meet such requirements,

then «Customer Name» shall transfer Emission Allowances to BPA on the schedule and in the amount agreed to by «Customer Name» and BPA 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 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.

**8. REGISTRATION OF RENEWABLE ENERGY GENERATING UNITS**

BPA shall (1) take all necessary steps to register the renewable energy Generating Units in the Resource Pools, including any hydro resources in such Resource Pools, with the tracking system selected under section 5 of this Exhibit H and (2) take all other commercially reasonable actions necessary to achieve the purpose and intent of this Exhibit H.

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

**9. TERMS AND CONDITIONS OF CUSTOMER’S WREGIS SUBACCOUNT*(XX/XX/XX Version)***

9.1 **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.

9.2 **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.

9.3 **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 9.5 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).

9.4 **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.

9.5 **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*

**10. EMISSIONS ACCOUNTING**

No later than April 15, 2029, and by each April 15 over the remaining term of this Agreement, BPA shall provide separate annual emissions accounting for power purchased from BPA during the prior calendar year at the Tier 1 Rate, Tier 2 Long-Term Rate, Tier 2 Short-Term Term Rate, Tier 2 Vintage Rate(s), FPS Rates, NR Rate, and IP Rate. BPA will provide transparent accounting for the underlying fuel mix for each of the above rates.

**«#». OTHER DOCUMENTATION OF NONEMITTING ELECTRIC GENERATION**

No less than annually, and to the extent the RECs provided to «Customer Name» pursuant to Exhibit H are insufficient, BPA shall provide «Customer Name» with documentation stating the nonemitting percentage of its electricity product and verifying that BPA did not separate the nonpower attributes associated with its nuclear generation so that «Customer Name» can demonstrate ownership of the nonpower attributes of the nuclear portion of electricity it purchases from BPA.

**«#». 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. Provided, BPA and «Customer Name» acknowledge that regulatory programs and policies concerning Environmental Attributes, resource emissions, renewable energy credits/certificates, emissions credits, and similar characteristics and instruments continue to be added, evolve, and change as do the entities with jurisdiction over such matters (federal, state, county, cities, and others). BPA and «Customer Name» also recognize that this Exhibit H is intended to cover all the roles and responsibilities of each Party associated with the matters addressed in this Exhibit H and section 7 of the Provider of Choice Policy. However, due to the dynamic nature of the various current and future regulatory programs (federal, state, county, cities, and others) and electricity and power markets as well as their respective laws, regulations, rules, standards, and policies, the terms and conditions in this Exhibit H may ultimately not meet the spirit and intent of section 7 of the Provider of Choice Policy or the spirit and intent of this Exhibit H. If this occurs, BPA and «Customer Name» agree to discuss such situations and attempt in good faith and using all commercially reasonable efforts and cooperation, including informal dispute resolution in accordance with section 22, to agree on mutually acceptable amendments to this Exhibit H in accordance with such laws, regulations, rules, standards, and policies and the spirit and intent of this Exhibit H and section 7 of the Provider of Choice Policy.

Attachment 1 to Exhibit H

