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| NPRR Number | [1264](https://www.ercot.com/mktrules/issues/NPRR1264) | NPRR Title | Creation of a New Energy Attribute Certificate Program |
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| Date | April 2, 2025 |
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| Submitter’s Information |
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| Market Segment | Consumer (Industrial) |

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| Comments |

Oxy submits these comments in response to ERCOT’s questions posed in their comments dated March 11, 2025.

What public policy purposes are served by requiring ERCOT to develop an EAC trading program when customers already have the ability to contract for desirable generation attributes?

While customers do have the ability to contract for desired generation attributes, such arrangements are limited. Currently there is not a program administrator in Texas for the certification of energy attributes beyond renewable energy credits; thereby, limiting the ability to separately access the clean attributes of technologies such as nuclear or carbon capture. As Constellation pointed out in their comments dated February 11, 2025, the Texas Advanced Nuclear Reactor Working Group noted that using a proven “mechanism to compensate power generators for desirable attributes of the energy they produce” could help “connect Texas industry demand with prospective investors in new advanced nuclear power.”1 This same logic can be applied to carbon capture, geothermal and other emerging technologies. To facilitate this, the current program would need to be expanded to provide an avenue for generators of all technology types to participate in the program. Oxy supports the ability for generators to earn EACs, regardless of fuel type.

What specific benefits would such a program create that are not currently available?

The creation and issuance of fractional EACs timestamped at the hourly level is a first step to allow end-use consumers to assess the efficacy of their portfolios and more easily customize the attributes of the energy they consume by matching them with generators with desirable energy attributes. However, to fully maximize the benefits and enable customers to enhance their portfolios and make informed operating decisions, the program would need to expand to include a robust and liquid real-time EAC market which would function much like the current ERCOT Real-Time Energy imbalance market. Such real-time EAC Market would allow market participants to submit real-time bids for hourly EACs, and be matched with offers from market participants who are willing to sell excess hourly EACs. Absent a real-time EAC market, the program anticipated in NPRR1264, and the tracking mechanisms being contemplated by third parties, at best, could provide a post-mortem analysis of the availability (or lack thereof) of EACs from a certain contracted source of generation during any given hour. This after-the-fact analysis, although useful in informing the effectiveness of a portfolio of generation or bilateral trades, is insufficient to make real-time decisions. For example, a load may want to shut down in real-time for any given time period when EACs are unavailable or uneconomical but, absent a real-time market for EACs, won’t be able to make an informed decision. For the above reasons, and while we realize that the scope of this NPRR does not consider an ERCOT administered real-time EAC Market, it would be helpful to know if ERCOT finds it feasible to develop such a market in the future, and how such an effort would stack up in the context of ERCOT’s priorities, timelines and budget.

Is the primary purpose of NPRR1264 to align with the requirements of the federal clean hydrogen production tax credit regulations?

While the implementation of this NPRR would likely be helpful in the ability for clean hydrogen projects to comply with production tax credit regulations, there are other industries and corporations who may benefit, and it may also provide a new revenue source for generators and enable additional innovation in retail product offerings.

Which of ERCOT’s core regulatory functions under Section 39.151(a) of Public Utility Regulatory Act (PURA) does NPRR1264 serve? Could the parties that desire to use this trading program enlist some entity other than ERCOT to create and administer the program?

Although there are entities who are planning on developing platforms to facilitate the creation, tracking and trading of granular EACs, we strongly believe ERCOT is the right entity to maintain this function. ERCOT has long been the administrator for the REC program and can build off of that existing function to incorporate this NPRR. Further, we reiterate our belief that the next step for this program is a real-time EAC market, and we believe ERCOT is the only entity positioned to administer this enhancement in a centralized robust manner, and with the appropriate safeguards in place. ERCOT already has real-time visibility to most of the generation in its footprint, has robust protocols in place with confidentiality provisions to protect commercially sensitive information, a world-class trading platform, effective settlement systems, and is monitored by an Independent Market Monitor. In addition, ERCOT market participants are also bound by credit provisions to ensure the integrity of the market. When taken as a whole, these qualities would be exceptionally difficult for another entity to put in place to allow for realistic operation of a robust market at this granular level and on a real-time basis, while maintaining confidentiality.

Oxy looks forward to discussing this NPRR and would appreciate it if ERCOT and the stakeholders can consider the idea of a potential future centralized real-time EAC market when deciding whether ERCOT is the appropriate entity to create and administer the program proposed in this NPRR, or not.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None