



E-100, Sub 121

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State of North Carolina

Utilities Commission

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MAY 17 2010

Clerk's Office
N.C. Utilities Commission

May 17, 2010

To: All Renewable Energy Facilities Registered (or Pending Registration) with the North Carolina Utilities Commission, and all Electric Power Suppliers Serving Retail Customers in North Carolina

Re: Training Sessions for North Carolina Renewable Energy Tracking System (NC-RETS)

The North Carolina Utilities Commission has selected APX to design, implement and administer an internet-based computer system to track compliance with North Carolina's renewable energy portfolio standard. This system is called NC-RETS, and it is scheduled to become operational by July 1, 2010. The Commission and APX have scheduled training sessions for employees of organizations that will need to use NC-RETS. This letter is to inform you of those training sessions and to encourage you to register yourself and other employees as necessary.

Who Needs to Use NC-RETS and Should, Therefore, Plan to Attend Training?

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1. If your organization is an electric power supplier serving retail customers in North Carolina, it is obligated to comply with North Carolina's renewable energy portfolio standard, and you will need to use NC-RETS to demonstrate your organization's compliance. You will establish an account in NC-RETS to hold renewable energy certificates (RECs), including those that you purchase and those associated with allocations from the Southeastern Power Administration (SEPA). If your organization plans to use energy efficiency and demand side management programs to comply with the standard, you will need to use NC-RETS to document and track eligible energy savings from those programs.

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Each year, starting in 2011 for the 2010 compliance year, you will move RECs into a compliance sub-account, which will be audited to determine whether your organization complied with the portfolio standard.¹ Once the Commission determines that your organization has complied, those RECs will be permanently retired, meaning they cannot be sold or reused for compliance.

2. If your organization operates a renewable energy facility located in North Carolina and you want RECs associated with the facility's output to be eligible to count toward North Carolina's renewable energy portfolio standard, you must participate in NC-RETS.² You will use NC-RETS to create an account for your facility where production data (meter readings and self-reported data, depending on the facility's size) will be uploaded, and RECs will be issued. After arranging to sell your RECs to a North Carolina electric power supplier, you will be able to use NC-RETS to transfer those RECs to the purchaser. In addition, NC-RETS will have a bulletin board where you can post RECs that you would like to sell.
3. If your organization reads the production meters for a renewable energy facility located in North Carolina, which may include all electric power suppliers, you will need to provide those meter readings to NC-RETS on an on-going basis. NC-RETS will use those meter readings to create one REC for each qualifying MWh of energy produced by a renewable energy facility.
4. If your organization is a balancing area operator (Duke Energy and Progress Energy) that provides energy balancing and accounting at the transmission level, you will use NC-RETS to upload monthly production data for renewable energy facilities that are interconnected to your organization's transmission system.

¹ Some municipal utilities and electric membership corporations have contracted with a power agency, GreenCo Solutions, Duke Energy, or Progress Energy, to act as a utility compliance aggregator that will manage and report compliance with the portfolio standard on behalf of that municipal utility or EMC. If your organization has made such arrangements, you should confer with your utility compliance aggregator and determine whether your organization will need to use NC-RETS directly, or whether your utility compliance aggregator will provide all services for your organization. It is possible that your use of NC-RETS would be limited to uploading meter read data for renewable energy facilities connected to your system. You will also want to clarify whether your utility compliance aggregator intends to pay your organization's share of NC-RETS charges.

² If your facility already participates in PJM's Generation Attribute Tracking System (GATS), it does not need to also participate in NC-RETS. This may be the case if your facility is located in Dominion's service territory.

Who will pay for NC-RETS?

The North Carolina Utilities Commission has determined that the electric power suppliers that are subject to the portfolio standard shall pay for NC-RETS. The total contract costs for NC-RETS during APX's initial term³ of development and operation are as follows:

2010	\$415,000
2011	\$495,000
2012	\$470,000
2013	\$470,000

These costs will be divided among the State's electric power suppliers based on their relative size as measured by retail sales in the previous year. When North Carolina electric power suppliers create their accounts in NC-RETS, they will need to provide their utility's 2009 retail sales (in MWh) information, and this will be used to calculate their NC-RETS bill. Electric power suppliers will receive their first bills for NC-RETS in September, 2010, if NC-RETS is operating to the Commission's satisfaction at that time. If not, billings will be delayed until NC-RETS is operating satisfactorily.

Other users of NC-RETS will pay NC-RETS charges if they (1) export RECs to another state's tracking system, or (2) retire RECs for "voluntary" reasons, that is, for reasons unrelated to compliance with North Carolina's portfolio standard. In those two situations, the user will be charged \$.01 per REC transferred or retired.

When is NC-RETS Training Scheduled?

1. Thursday, June 24, 2010, from 1 to 5 PM in Commission Hearing Room 2115 on the second floor of the Dobbs Building, 430 North Salisbury, Raleigh. This training will prepare either an electric power supplier or the owner of a renewable energy facility to register in NC-RETS and establish accounts where RECs will be tracked. This training will have only a cursory discussion regarding the upload of energy production data.
2. Friday, June 25, 2010, from 10 AM to Noon in Commission Hearing Room 2115 on the second floor of the Dobbs Building, 430 North Salisbury, Raleigh. This training will focus on how to upload energy production data and is targeted at people who will need to perform this task for either an electric distribution utility

³ The existing agreement with APX goes through 2013, and anticipates renewal under a new pricing schedule that has not yet been determined.

that reads production meters for renewable energy facilities, or for a balancing area operator (Duke Energy and Progress Energy).

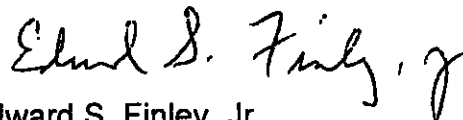
There is no charge for these training sessions. To register, please go to the NC-RETS website: www.NCRETS.org.

For more information:

You can learn more about NC-RETS and related events at the NC-RETS website. In addition, the Commission has established a stakeholder group that meets periodically to discuss system design and operational issues. Your organization is welcome to participate in stakeholder meetings, most of which are accessible via conference call. Those meetings are posted on the NC-RETS website. The stakeholders have helped the Commission by establishing the functional requirements for NC-RETS and reviewing proposals and contract terms offered by vendors. Their expertise will continue to be invaluable as NC-RETS becomes operational.

Finally, do not hesitate to contact Commission staff member Kimberly Jones (kjones@ncuc.net), or APX staff member Katherine Graham (KGraham@apxenv.com) with your questions. (NC-RETS also has a customer service line available: 888-378-4461.) Although they are extremely busy right now because NC-RETS is in the system development phase, they will try to be as responsive as possible. We appreciate that demonstrating compliance with North Carolina's renewable energy portfolio standard via NC-RETS is new for your organization, and they will do everything they can to guide you through it.

Sincerely,

A handwritten signature in black ink that reads "Edward S. Finley, Jr." with a stylized flourish at the end.

Edward S. Finley, Jr.
Chairman
North Carolina Utilities Commission