

**Exhibit H(06/17/08 Version)**

**RENEWABLE ENERGY CERTIFICATES AND CARBON ATTRIBUTES**

**1. DEFINITIONS**

- 1.1 “Environmental Attribute(s)” **(04/04/08 Version)** means the current or future credits, benefits, emission reductions, offsets and allowances attributable to the generation of energy from a specific renewable resources. One megawatt hour of energy generation from such renewable resource is associated with 1 megawatt hour of Environmental Attributes.
- 1.2 “Renewable Energy Certificates” or “RECs” **(03/20/08 Version)** means the certificates that document the ownership of Environmental Attributes.
- 1.3 “Tier 1 RECs” **(04/04/08 Version)** means the Environmental Attributes composed of a blend, by fuel source, based on annual generation of the specified renewable resources listed in section 2 below.
- 1.4 “Tier 2 Cost Pools” **(06/16/08 Version)** means the collection of Tier 2 costs, to be recovered by means of the application of Tier 2 Rates, or as defined in the TRM. Each Tier 2 Rate will be based on a corresponding Tier 2 Cost Pool.
- 1.5 “Tier 2 RECs” **(03/27/08 Version)** means the Environmental Attributes generated by specified renewable resources whose costs are recovered in a Tier 2 Cost Pool.
- 1.6 “Environmentally Preferred Power RECS” or “EPP RECs” **(04/01/08 Version)** means the portion of BPA’s Tier 1 RECs that is equal to an amount up to 130 percent of the annual average of environmentally preferred power (EPP) contracted for as of October 1, 2009, for FYs 2010 and 2011 under Subscription power sales contracts containing rights to Environmental Attributes through FY 2016.

**2. BPA’S TIER 1 REC INVENTORY**

BPA shall use its share of generation from the following renewable resources to establish the Tier 1 REC inventory: Foote Creek I, Foote Creek II, Stateline, Condon, Klondike I, Klondike III, and Ashland Solar. BPA shall maintain a current list of renewable resources BPA uses to establish its Tier 1 REC inventory on a publicly accessible BPA website. BPA may update this list at any time. BPA shall calculate its inventory of Tier 1 RECs annually and after-the-fact based on energy generated by listed resources during the previous calendar year.

**3. «CUSTOMER NAME»’S SHARE OF TIER 1 RECS (05/14/08 Version)**

Beginning April 15, 2012, and by April 15 every year thereafter over the duration of this Agreement, BPA shall:

- (1) transfer to «Customer Name», or manage in accordance with section 5 below, at no additional charge or premium, a pro rata share of Tier 1 RECs based on

«Customer Name»'s RHWMs divided by the total RHWMs of all holders of CHWM Contracts; and,

- (2) for transferred RECs, provide «Customer Name» with a letter assigning title of such Tier 1 RECs to «Customer Name».

The amount of Tier 1 RECs available to BPA to transfer or manage shall be subject to the amount of available Tier 1 REC inventory, excluding amounts of Tier 1 REC inventory used to provide EPP RECs.

**4. TIER 2 RECS (06/16/08 Version)**

If «Customer Name» chooses to purchase Firm Requirements Power at a PF Tier 2 Rate, and such power includes RECs, then beginning April 15, 2012 and by April 15 every year thereafter for the duration of «Customer Name»'s Tier 2 purchase obligation, BPA shall, based on «Customer Name»'s election pursuant to section 5 below, transfer to or manage for «Customer Name», a pro rata share of applicable Tier 2 RECs generated during the previous calendar year. The pro rata share of Tier 2 RECs BPA transfers to «Customer Name» shall be the ratio of RECs associated with «Customer Name»'s PF Tier 2 purchase obligation to the RECs associated with the purchase obligation of all other customers from the respective Tier 2 Cost Pool.

**5. TRANSFER, TRACKING, AND MANAGEMENT OF RECS (06/16/08 Version)**

Subject to BPA's determination that the commercial renewable energy tracking system WREGIS is adequate as a tracking system, BPA shall transfer «Customer Name»'s share of Tier 1 RECs, and Tier 2 RECs if applicable, to «Customer Name» via WREGIS. If, over the term of this Agreement, BPA determines that WREGIS is not adequate as a tracking system, then BPA may change commercial tracking systems with one year advance notice to «Customer Name». In such case, the parties shall establish a comparable process for BPA to provide «Customer Name» its RECs.

Starting on July 15, 2011, and by July 15 prior to each Rate Period through the duration of this Agreement, «Customer Name» shall notify BPA which one of the following three options it chooses for the transfer and management of «Customer Name»'s share of Tier 1 RECs, and Tier 2 RECs if applicable, for each upcoming Rate Period:

- (1) BPA shall transfer «Customer Name»'s RECs into «Customer Name»'s own WREGIS account, which shall be established by «Customer Name»; or
- (2) BPA shall transfer «Customer Name»'s 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) «Customer Name» shall give BPA the authority to market «Customer Name»'s RECs on «Customer Name»'s behalf. BPA shall annually credit

«Customer Name» for «Customer Name»'s pro rata share of revenues generated by such sales on its April bill, issued in May.

If «Customer Name» fails to notify BPA of its election by July 15 before the start of each Rate Period, BPA shall market «Customer Name»'s RECs and annually credit «Customer Name» for «Customer Name»'s pro rata share of revenues generated by such marketing on «Customer Name»'s April bill issued by BPA in May.

Any RECs BPA transfers to «Customer Name» by April 15, 2012, shall be limited to those generated October 1, 2011, through December 31, 2011.

**6. FEES (06/16/08 Version)**

BPA shall pay any reasonable fees associated with (1) the provision of «Customer Name»'s RECs and (2) the establishment of any subaccounts in «Customer Name»'s name pursuant to sections 5(1) and 5(2) above. «Customer Name» shall pay all other fees associated with any WREGIS or successor commercial tracking system, including WREGIS retirement, reserve, and export fees.

**7. CARBON ATTRIBUTES (06/17/08 Version)**

In the absence of carbon regulations or legislation directly affecting BPA, BPA intends to convey the value of any future carbon emission credits, or similar carbon instruments, associated with resources whose costs are recovered in PF Tier 1 or PF Tier 2 rates to «Customer Name» on a pro rata basis. This value may be conveyed as: (1) the carbon emission credit, or similar carbon instrument, itself; (2) a revenue credit after BPA markets such carbon emission credits, or similar carbon instruments; or, (3) the ability to claim that power purchases at the applicable PF rate are derived from specific federal resources.

The value of carbon emission credits, or similar carbon instruments, associated with resources whose costs are recovered in a Tier 1 rate will be shared on a pro rata basis among all holders of CHWM Contracts. The value of carbon emission credits, or similar carbon instruments, associated with resources whose costs are recovered in a PF Tier 2 rate will be shared on a pro rata basis among customers within the same respective Tier 2 Cost Pool.

**8. BPA'S RIGHT TO TERMINATE «CUSTOMER NAME»'S RECS (05/29/08 Version)**

Consistent with any federal regulation or legislation addressing carbon emission credits, or similar carbon instruments, or any form of renewable energy attribute(s) applicable to BPA which includes compliance costs, BPA may, upon 5 years' notice to «Customer Name», terminate «Customer Name»'s contract rights to Tier 1 RECs under section 3 above.

(PS«X/LOC»- «File Name with Path».DOC) «mm/dd/yy» *[Drafter's Note: Insert date of finalized contract here]*