The Request:  Creation of retroactive RECs for three facilities owned by SG2 Imperial Valley, LLC—Alhambra, Arkansas, and Sonora—associated with generation from March 2014 through November 2014.

The Origin of the Problem:  Although a WREGIS account for SG2 was created and approved in early 2014, a miscommunication between the previous owner of the projects and SG2 resulted in an inadvertent failure to provide WREGIS with the documentation required to register the individual generating units within the required time.  SG2 acted promptly to correct the problem once it became aware that the registration of the units had not been completed.

The Power Purchase Agreement:  SG2 has entered into a Power Purchase Agreement with San Diego Gas & Electric for the entire output of the projects.  Under the terms of the PPAs,

- SG2 must deliver all “Green Attributes” associated with all electrical generation from the projects to SDG&E
- Green Attributes are “any and all credits” attributable to generation from the project, and Green Attributes specifically include Renewable Energy Credits
- SG2 is required to sell SDG&E all Delivered Energy produced before Commercial Operation Date, and SG2 must convey all Green Attributes, including RECs, associated with that Delivered Energy to SDG&E
  ➔ SG2 could not sell or transfer RECs from the projects to anyone other than SDG&E without violating the terms of the PPA

SG2 has proceeded diligently and in good faith to:

1. Complete the projects’ registration with WREGIS.  All RECs generated after November 2014 have been properly registered with WREGIS and transferred to SDG&E
2. Request creation of retroactive RECs
3. Perform the audit required to support the request for creation of retroactive RECs
4. Obtain verification from WREGIS that it has not issued certificates for the RECs in question

An extension is needed because SG2 discovered last week that the scope of a conventional audit may not fully meet the requirements of the Guidebook.  We have been told that SG2’s request is the first time creation of retroactive RECs has been sought under the Guidebook, and the path to completing some of the requirements was not established.  SG2 is taking the necessary steps to complete the requirements for the audit report, but some requirements, e.g., receiving responses to letters sent to the administrators of other state or voluntary programs, will not be completed before the current audit report due date of November 17.