

**To the Mayor and Members of the City Council****April 7, 2026**

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SUBJECT: SALE OF RENEWABLE ENERGY CREDITS (RECs)**Purpose**

The purpose of this Informal Report is to provide information to the Mayor and City Council regarding the upcoming sale of Renewable Energy Credits (RECs) resulting from the City's retail electric contracts with Reliant Energy Retail Services, LLC (Reliant).

Background

The City of Fort Worth maintains 10-year electricity supply contracts with Reliant Energy Retail Services, LLC, running from June 1, 2021, through May 31, 2031. The agreements cover all municipal facilities within deregulated ERCOT areas and include RECs equal to roughly 50% of the City's annual consumption. This totals approximately 173,000 RECs per full year, with a final allotment of 71,000 RECs for the partial year in 2031.

Prior to 2026, Reliant Energy retired RECs annually on the City's behalf. These retirements occur each April for the previous calendar year; for example, 2025 consumption RECs will be retired in April 2026. Approximately 936,000 RECs remain for the period spanning 2026 through 2031. The City will transition from retiring these future allocations to selling them to a third-party purchaser, receiving annual cash payments in lieu of retirements.

Strategic Rationale

The Property Management Department recommends proceeding with the sale of future REC allocations based on the following factors:

- **Market Risk:** Shifting federal regulations regarding nationwide versus regional REC trading could impact the future value of ERCOT-specific credits.
- **Asset Appeal:** The City's RECs are highly marketable because they are sourced from specific, identifiable renewable facilities.
- **Financial Control:** The City maintains full authority to avoid the transaction if the market value at the time of the sale does not meet an acceptable threshold.

Third Party and Expected Compensation

A third-party broker, Usource, will market and sell the City's Renewable Energy Credits (RECs). The agreement provides a six-month term to complete the sale, with an optional six-month extension at the City's discretion.

The City anticipates generating at least \$934,800 in gross revenue from the sale of 2026–2031 RECs, with a minimum price of \$1.00 per REC. Usource will receive a 15% fee on realized gross revenue, paid only after the City has received payment from the purchaser. This equates to approximately \$50,000 annually, subject to a cumulative cap of \$300,000. Net proceeds, estimated at \$794,582, are designated for the 200 Texas Street project.

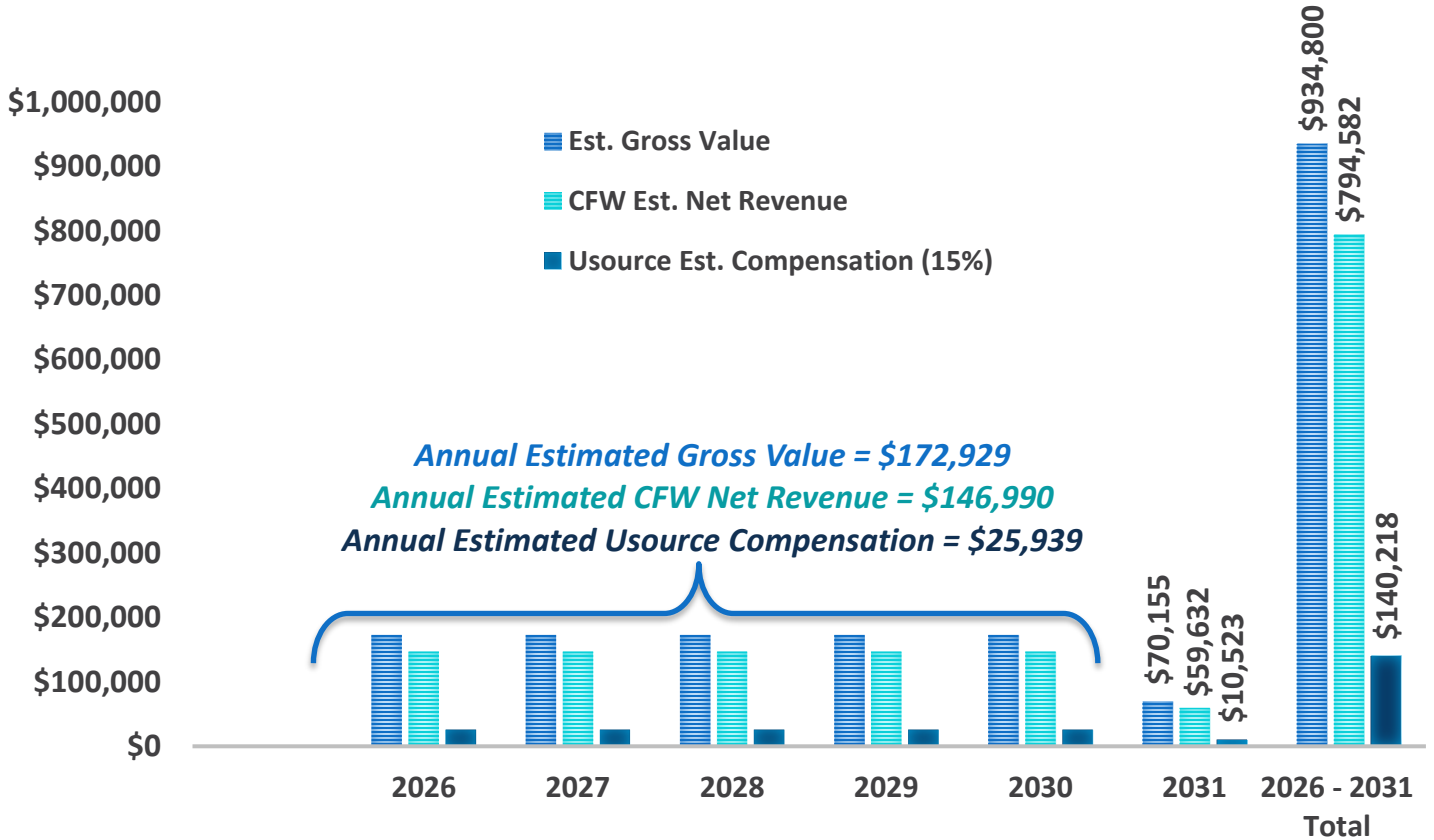
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SUBJECT: SALE OF RENEWABLE ENERGY CREDITS (RECs)**Next Steps**

Contract amendments with Reliant Energy to formally suspend the annual retirement of RECs for the 2026–2031 period and Sales Agreement with Usource are in process.

An M&C will be on April 28, 2026, Council agenda for approval of these contracts. Upon the execution of these contracts, Usource will conduct a comprehensive market analysis to optimize the financial return on the City's allocations. Usource will then lead marketing and procurement efforts to identify purchasers on the open market. Finally, Usource will coordinate the final sale and assist with managing the annual transfer of RECs through the end of the contract term.

For questions regarding this information, please contact Marilyn Marvin, Property Management Director at 817-392-7708.

Jesus "Jay" Chapa
City Manager