



REC Markets - July 2009 Newsletter

July 15th marked the opening of the Q1 2009 REC trading and delivery period across New England states. A mild summer and depressed electricity prices are taking their toll on the economic operability of some renewable facilities – which in turn may provide some explanation as to the dearth of trading activity in the region.

Massachusetts – July 15th marked the first issuance of RECs associated with the Green Communities Act – particularly, Massachusetts Class 1, and Massachusetts Class 2 – Waste Energy. The other two eligibilities – Massachusetts Class 2 and the Alternative Energy Portfolio Standard had not had any facilities that had worked their way through the eligibility process. Vintage 2009 RECs for Class 1 and Class 2 Waste-Energy have been priced at \$27/\$32 and \$8/\$9, respectively.

New Hampshire – The New Hampshire New Renewables Class 1 requirement kicked in for the 2009 compliance year. Issuance of eligible RECs was fairly healthy for Q1 months. Class 1 RECs have been valued between \$35.00 and \$37.00.

Maine – Maine's Governor John Baldacci signed into law an initiative aimed to drive renewable energy development in state which would potentially offer a multiplier for RECs from projects owned by individuals or small communities. Trading activity for Maine Class 1 2009 was sporadic in July with a couple of mid-sized transactions. Maine Class 1 RECs remain valued between \$31.50 and \$35.00.

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New Jersey – Trading for RY'09 RECs continued as the filing deadline approaches – Class 1's value has rallied from the \$3 range to the neighborhood of \$10.

Other Markets

Ohio – While the ink still dries on all the regulations for the RPS, REC interests for 2010 vintage generation have shown themselves. In-state RECs are valued at \$10.00-12.00, while out-of-state RECs are valued at \$5.00-\$7.00

North Carolina – With the annual compliance filing deadline looming in North Carolina, utilities there have been taking advantage of the 25% out-of-state unbundled REC purchase allowance. In general, eight Texas wind farms, and one more each in North and South Dakota respectively, have been granted eligibility for North Carolina's RPS.

National RES

On June 26, the US House of Representatives voted 219-212 in favor of the Waxman-Markey American Clean Energy and Security Act (ACES). 20% of the 2020 electricity sales must come from renewable sources:

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Electricity Sales	6.0%	6.0%	9.5%	9.5%	13.0%	13.0%	16.5%	16.5%	20.0%

25% of the RES requirement (5% of sales) can be met with energy efficiency. State governors can request that up to 2/5th of the RES requirement (8% of sales) is to come from energy efficiency. The RES requirement excludes sales of power from hydro, new nuclear units, CCS plants. Distributed generation facilities get 3 RECs /MW. The Alternative Compliance Payment (ACP) for Federal RECs is \$25 per credit.

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