REC Markets - August 2009 Newsletter

New England

The month of August was not unlike July with regards to the amount of REC transactions. Although a strong heat wave passed through the region this month, one cannot say that a similar heat wave hit the REC markets. A combination of end-of-summer vacation and a net continued depression on electricity prices and load-side demand remain to be the most immediate explanations behind the lack of transactions, although there are others.

Massachusetts – Despite transactions being sparse, markets remained tight for 2010 vintage ($35/$36), and saw some tightening for 2009 vintage in the waning days of August ($30/$32). The market for MA Class 2 (non waste-energy) saw an uptick in interest, although the spread remains wide at $5/$15 for 2009 vintage. Of course, as of yet, only MA Class 2 Waste-Energy facilities have been recognized for eligibility, and even there, it is only conditional. On an RPS level, early meetings were held to discuss the possibility of a solar carve-out being added to their RPS – more on this as information becomes available.

Connecticut – Despite the apparent over-supply of CT Class 3 RECs relative to the RPS requirement, prices continued to hover in the $23 - $25 range. Unlike CT Class 3, the healthy supply of CT Class 1 RECs in this first quarter's trading period may be what kept its market below other Class 1 markets in the region – end of month, the market was $26/$29. Early murmurs in Connecticut that their RPS will allow for REC banking, similar in nature to what the other NEPOOL states allow.

Maine, New Hampshire, and Rhode Island – Although trading was sparse, and with RFP solicitations supply awaiting award, Class 1 markets here remained buoyant - $32/$34, $35/$37, and $33/$36 respectively.

PJM

New Jersey – The New Jersey Board of Public Utilities has moved the true-up date for Reporting Year 2009 from September 1 up to October 1, thus allowing utilities ample more time to sort out their last minutes REC needs. The market has raised from its July lows – hovering now between $8 and $10.

Ohio – Activity has been picking up in this new market as players sort out supply and demand for its first year of compliance reporting. With a solar-carve out similar to other states in the region, Ohio printed an out-of-state solar 2009 vintage REC transaction right at the ACP ~ $450. Allowing for REC purchasing from adjacent states, more transactions like these should have an effect on the Pennsylvania solar market, currently trading in the mid-$300s. For non-solar RECs, last month saw a market between $10 and $12, but recently, prices have rumored at a jump into the low $20s.

Other Markets

Michigan – Selected a vendor for its tracking system, going with APX and a stand-alone system rather than integrating into either of PJM-GATS or M-RETS. Known as MI-RECs, trading of these is still in its infancy with prices yet to really show themselves.

Voluntary, Green-e Energy, Green-e Climate – Optimistic thought hopes that the bottom has finally been achieved for these markets and an upward bounce may be on the horizon. Although fairly regional in nature, national green-e prices for 2009 wind were $1.35/$1.50, and $1.30/$1.75 for any-tech.

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