



Midwest REC Market Notes: Q3 2014

Midwest Desk

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Illinois: The past quarter saw very little liquidity in the IL ARES wind market, with offers holding steady. Forward pricing has jumped up a bit, providing a very nice premium to the stagnant Green-e Market.

Michigan: Just when Ohio was starting to dominate these notes, Michigan decides to join the party with a proposed bill to kill the RPS (House Bill 5872). While it adds a bit of spice to the staid nature of trading in state, there is little chance this bill will make it out of committee, let alone pass. Polling in the state shows about 70% support for increasing the RPS requirements. A more likely scenario is that the standard will see modifications to the energy efficiency component as well as a change from renewable resources to 'clean energy', once recommendations from the Senate Energy and Technology Committee are made final, sometime later this year.

Minnesota: Once again, no change for Minnesota RPS RECs this quarter as pricing remains consistent with historical trends.

Missouri: No news for Missouri as RECs remain on par with the national Green-e market.

Ohio: A good month for Ohio in that we have clarification on the applicability of the in-state requirement for 2014. PUCO says there is no in-state requirement for 2014 per SB 310. Also in this case PUCO staff recommended a move to a five year shelf life for RECs and eliminate the 'indefinite life' clause. Trading in Ohio has been light to non-existent as market participants awaited this determination. We feel the Ohio Market (adjacent or otherwise) remains undervalued. With these last few issues settled, we expect liquidity and pricing to improve in the Buckeye State.

Wisconsin: The Wisconsin market remains unchanged. Few, if any, WI RRC trades are occurring, with fewer being reported. The biggest action in Wisconsin is for those facilities that have RECs eligible for the national Green-e, Michigan or Illinois RPS market.

Voluntary RECs

Not since the end of 2012 have we seen Green-e pricing consistently this low. Many of the larger retailers are holding off on purchasing RECs either because they are fully covered for Green-e Year 2014, or because they foresee an oversupply of product. Back in 2012 we were transacting in the \$0.60 - \$0.80 range, with a reported low of \$0.55. During this past quarter we saw bids in that range, with a few reported transactions there. Q1 of the following year (Q1 2015) always seems to have some surprise price movements, however at this time it is very unclear which way things will move.

Midwest Long Term Power

The EPA Greenhouse gas ruling with its section 111d has certainly added some attractiveness to offtake agreements from renewable generators. We continue to see improved interest in offtakes as compared to this time last year.

Product	Bid	Ask	Trade
Michigan RPS RECs			
2012	-	0.60	0.55
2013	0.70	0.95	-
2014	0.80	1.25	0.90
2015	0.90	1.25	-
Minnesota RPS RECs			
2014	0.15	0.30	-
Ohio RPS RECs			
2013	7.00	7.50	-
2014	7.00	7.50	7.25
2015	7.25	8.00	-
Illinois ARES wind RECs			
RY13	0.95	1.15	-
RY14	1.15	1.25	-
RY15	1.45	1.60	1.50
Wisconsin RPS RECs			
2012	-	-	-
National Green-e RECs			
BH 13	0.70	0.80	0.75
FH 14	0.70	0.85	0.80
BH 14	0.75	0.90	0.85
CAL 15	0.90	1.05	-

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