



## Midwest REC Market Notes: Q4 2014

Midwest Desk

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**Illinois:** The past quarter saw an increase in liquidity in the IL ARES wind and non-wind market. Pricing has maintained its premium to the Green-e market with increased prices for the outer years. As you will see from our table we have added an IL ARES Non-Wind section. This market will see a number of interesting developments in 2015 that we will explore in a bit more detail next issue.

**Michigan:** A new bill (House Bill 5205) passed the Michigan House of Representatives this quarter that would change the definition of renewable energy to include fuel manufactured from waste, i.e. tires. Last quarter we expected to see an expansion in the definition of supply and this fits the bill, although more may be coming. If placed into law, this would have negative effect on pricing. We should have final clarity on this next quarter or two. As of our publication date, the 2012 MI RPS RECs are no longer eligible for compliance purposes, having expired on Dec 31, 2014.

**Minnesota:** Once again, no change for Minnesota RPS RECs this quarter as pricing remains consistent with historical trends. Most generators that are in MN and in MRETS have been selling to either the IL RPS market, or the Green-e market, both of which trade at a premium to MN RPS only RECs.

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

**Ohio:** Ohio liquidity picked up as expected with the resolution of the outstanding issues mentioned in our last notes. Last quarter we were predicting a rise in prices, as we saw an undersupplied market in the next 36 months. We have reviewed the supply and demand curves and adjusted to allow for some generators not moving to the PJM market. When we do so, the market appears to be relatively balanced, providing some rationale to the pricing we are seeing. However, should a large hydro generator state that they are not selling to market below \$10 (or a price they set), the market would be immediately short; an interesting situation to be sure. For our Ohio clients, please feel free to contact me to further discuss our revised market view.

**Wisconsin:** Again this month, no change for the Wisconsin market. Those generators that have available RECs have been moving them to the IL RPS markets.

### Voluntary RECs

The Green- market seems to have picked up in liquidity with pricing around the \$0.70-\$0.80 range for BH13 – FH14 product. It is good to see this market come back slightly and we expect that the next few months will see this trend continue.

### Midwest Long Term Power

No news is good news for the power markets this past quarter, with regional demand holding steady and price indications remaining consistent with last quarter and most major price indexes.

Product	Bid	Ask	Trade
<b>Michigan RPS RECs</b>			
2012	-	0.60	0.50
2013	0.70	0.95	-
2014	0.80	1.25	0.90
2015	0.90	1.25	-
<b>Minnesota RPS RECs</b>			
2014	0.15	0.30	-
<b>Ohio RPS RECs</b>			
2013	7.00	7.50	-
2014	7.00	8.00	7.95
2015	7.25	8.50	-
<b>Illinois ARES wind RECs</b>			
RY13	0.95	1.15	-
RY14	1.15	1.25	1.20-
RY15	1.35	1.50	1.40
<b>Illinois ARES Non Wind RECs</b>			
RY13	0.75	0.95	-
RY14	1.10	1.20	1.15
RY15	1.15	1.25	1.20
<b>National Green-e RECs</b>			
BH 13	0.70	0.80	0.70
FH 14	0.70	0.85	0.75
BH 14	0.75	0.90	0.80
CAL 15	0.80	0.90	0.85-

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