Midwest REC Market Notes: Q1 2015

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Product	Bid	Ask	Trade
Michigan RPS RECs			
2013	-	0.60	-
2014	0.65	0.80	-
2015	0.80	1.05	-
2016	0.90	1.15	-
Minnesota RPS RECs			
2015	0.15	0.30	-
Ohio RPS RECs			
2013	-	5.00	-
2014	0.00	5.00	-
2015	4.50	6.00	-
Illinois ARES wind RECs			
RY14	1.05	1.25	-
RY15	1.10	1.30	-
Illinois ARES Non Wind RECs			
RY14	1.00	1.15	-
RY15	1.10	1.20	-
National Green-e RECs			
BH 13	0.45	0.55	-
FH 14	0.45	0.55	-
BH 14	0.50	0.65	-
CAL 15	0.60	0.70	-

Illinois: This quarter, the buyers all seem to have gone on spring break - we have plenty of offers in both IL ARES wind and non-wind credits, but no bids. While we have looked for a reason to explain this development, the only rationale seems to be that pending legislation in the state house has some buyers holding off on additional purchases.

Michigan: The fifth annual MPSC report on the MI RPS has been released. Highlights of the report: estimated renewable percentage of total power reached 8.1% for 2014, with an actual of 7.8% for 2013 and wind composed 44% of the state's portfolio in 2014. In other news, some Michigan legislators are pushing to increase the RPS from 10% to 20%. While no legislation has yet been proposed, we have been expecting this ever since the ballot initiative to increase the RPS a few years ago failed due to procedural issues.

Minnesota: MN Compliance RECs (those RECs not eligible anywhere else) are available at a significant discount to both the Green-e market and the IL ARES market. Those entities that do have a MN RPS obligation and are currently using wind RECs can engage in a very profitable swap.

Missouri: No news for Missouri as REC pricing remains on par with the national Green-e market.

Ohio: Ohio has frozen solid in terms of buyer interest, with very few, if any, bids available. As a result, offer prices have dropped significantly to the $5.00 mark. We expect this trend to reverse itself at some point in the future so long as policy stays constant, as the current surplus is drawn down.

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

Voluntary RECs

The Green-e market has fallen off a cliff with prices plunging to $0.50 levels and a lack of interest from the buy side; why? Texas. Legislation to repeal the RPS has passed the house and is moving to the senate. Part of the rationale there is that any renewable energy goal established by the State has far been exceeded. Texas REC supply exceeds demand and the difference can be measured in multiples. This surplus supply has moved out to the voluntary market thereby depressing prices. Not to be dissuaded, wind developers continue to bring online Gigawatts worth of projects in the Lone Star State.

Midwest Long Term Power

Forward power curves are off slightly this quarter with the seven year forward off by about two dollars as compared to last year.