



## Midwest REC Market Notes: Q2 2015

Midwest Desk

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**Illinois:** With the legislature out of session, [HB2607](#) seems to have faded away as a concern for this compliance market at present. It is possible this legislation will be reintroduced in the next session. The bill would have increased the RPS and moved REC purchases away from current obligated parties to the IPA. In the long run, this would be positive, but in the last several months, HB2607, along with buyers having filled their RY15 requirements, caused liquidity to evaporate. A few trades have gone off in the \$0.70 range recently, but this market remains fairly quiet.

**Michigan:** The past quarter has not seen any significant changes in pricing, and there has been low liquidity as well. A number of bills have been introduced to the state legislature, ranging from repealing the RPS to expanding it with most bills unlikely to move out of committee let alone reach the Governor's desk. We will continue to watch this legislation throughout the year and report on pertinent items.

**Minnesota:** MN Compliance RECs have risen in value to match the IL ARES non wind market as most of those RECs are now qualified to that market. The downside is that the IL ARES non wind market has come to a standstill as the flood of supply from various regions has filled most buyers' needs.

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

**Ohio:** The Ohio REC market remains illiquid with very few, if any, bids available. As a result, offer prices have dropped significantly to under \$3.00. We expect this trend to reverse itself at some point in the future as the current surplus is drawn down (so long as policy stays constant). This will be a number of months, if not years, away and we see no indication that pricing will improve significantly in the near term.

**Wisconsin:** Again this month, no change for the Wisconsin market. Generators that have available RECs have been moving them to the IL RPS markets. The State of Wisconsin reports that utilities have two years of surplus RECs for compliance purposes.

### Voluntary RECs

The voluntary and Texas markets have fallen like Game of Thrones characters; quickly and with lots of bloodshed. We are now seeing new lows for Green-e. To make matter worse, there is a new record of 13.6GW of wind generating capacity under construction across 100 projects in 23 states (\*NAWind Power 05/01/15). What the end fate of the voluntary market is remains to be seen, but barring any new legislation, it is pretty certain we will not see Green-e REC prices north of \$1.00 anytime soon.

### Midwest Long Term Power

Forward power curves are off slightly again this quarter with the seven year forward showing flat pricing (no escalation).

Product	Bid	Ask	Trade
<b>Michigan RPS RECs</b>			
2013	-	0.60	-
2014	0.65	0.90	0.90
2015	0.80	1.15	1.10-
2016	0.90	1.25	-
<b>Minnesota RPS RECs</b>			
2015	-	0.50	-
<b>Ohio RPS RECs</b>			
2014	0.00	2.50	-
2015	4.50	3.00	-
<b>Illinois ARES wind RECs</b>			
RY14	0.	0.70	-
RY15	0.70	0.80	0.70-
RY16	0.75	0.90	
<b>Illinois ARES Non Wind RECs</b>			
RY14	-	0.30	-
RY15	-	0.40	-
RY16	-	0.50	
<b>National Green-e RECs</b>			
BH 14	0.40	0.50	0.42
FH 15	0.40	0.50	0.42
BH 15	0.45	0.55	-
CAL 16	0.60	0.70	-

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