



Midwest REC Market Notes: Q1 2021

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Illinois: IL compliance RECs have all moved to the IL IPA, but we still see a slight premium to the voluntary market for non-PJM IL based RECs. We expect this Green-e eligible RECs located in IL to track the Green-e voluntary market going forward with a 5% - 15% premium on price.

Michigan: The REC market in Michigan has been relatively illiquid this past year but has seen increases in price. The new solar facilities that are / were in the CMS PURPA que have moved their RECs into the Ohio market for better pricing. Pricing models indicate this market is well supplied through 2024, but has a potential shortfall in 2025; dependent upon future projects.

Minnesota: No change for Minnesota this as MN RECs are mostly tracking Green-E eligible REC prices. The significant increase in the Green-e market has positively impacted older renewables in the state, pushing prices to around a \$1.00 for current generation.

Ohio: As always, Ohio continues to provide the most activity and interesting news. The HB6 resolution has so far left the RPS requirements intact; welcome, but not unexpected, news. REC pricing for Ohio has mostly tracked the PJM Tier One market with roughly a dollar discount. We have seen many out of state wind & solar resources apply for, and receive, Ohio RPS Certification. The sheer volume of granted applications all but ensures a price decline, driving toward parity with the Green-e voluntary market. We anticipate this occurring within the next 6 – 18 months.

Voluntary RECs: Green-e eligible

National retail appetite for Green-e eligible RECs has been impressive over the last 12 months. The start of 2020 saw GE pricing in the mid 80 cent range; a vast improvement over the previous year. Since then prices have continued a slow but steady increase with a trade reported yesterday for Green-e wind of \$2.51. We see this trend continuing for the near term. The highest Green-e eligible REC price in my memory is \$4.79 back in 2008. While unlikely we return to those levels, it does appear that there is continued upward momentum in this market.

Voluntary RECs: Non Green-e eligible

The significant increase in the Green-e market has positively impacted RECs from older facilities such as hydro, and from wind facilities that no longer meet the Green-e online date. Just a few short months ago this market was illiquid at best, with trades occurring in the \$0.25 - \$0.40 range. The change in the PA Tier II pricing along with the significant increase in the Green-e market has moved this product class into higher pricing with somewhat better liquidity. We are actively seeking current and older vintages of hydro RECs in a tracking system.

Pricing as of 08/07/19			
Product	Bid	Ask	Trade
Michigan RPS RECs			
2018	1.00	1.25	-
2019	1.25	1.75	
2020	1.25	2.00	
2021	1.35	2.50	
Ohio RPS RECs			
2020	13.75	15.00	-
2021	9.15	9.50	9.25
2022	8.75	9.00	8.80
Midwest Non Green-e RECs			
2020	0.75	0.90	-
2021	0.85	0.95	0.90
2022	0.90	1.15	1.10
National Green-e RECs			
BH 19 / FH20	2.25	2.35	2.30
BH20 / FH21	2.40	2.60	2.51
BH 21	2.50	2.75	

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