



**IBERDROLA**  
RENEWABLES

# The Future of Utility-Based Voluntary Renewable Energy Programs

National Renewable Energy Marketing Conference  
Denver, 2008

# Presentation Objectives

1. Identify questions regulators ask
2. Attempt to provide answers to those questions

# Regulators want to know why?

- 27 States & DC with renewable energy mandates
  - State/regional GHG reduction programs
    - RGGI, Midwestern Governors' Initiative, Western Governors' Initiative
  - Federal Cap & Trade and RPS?
- 
- With these mandates why are voluntary renewable energy programs necessary?

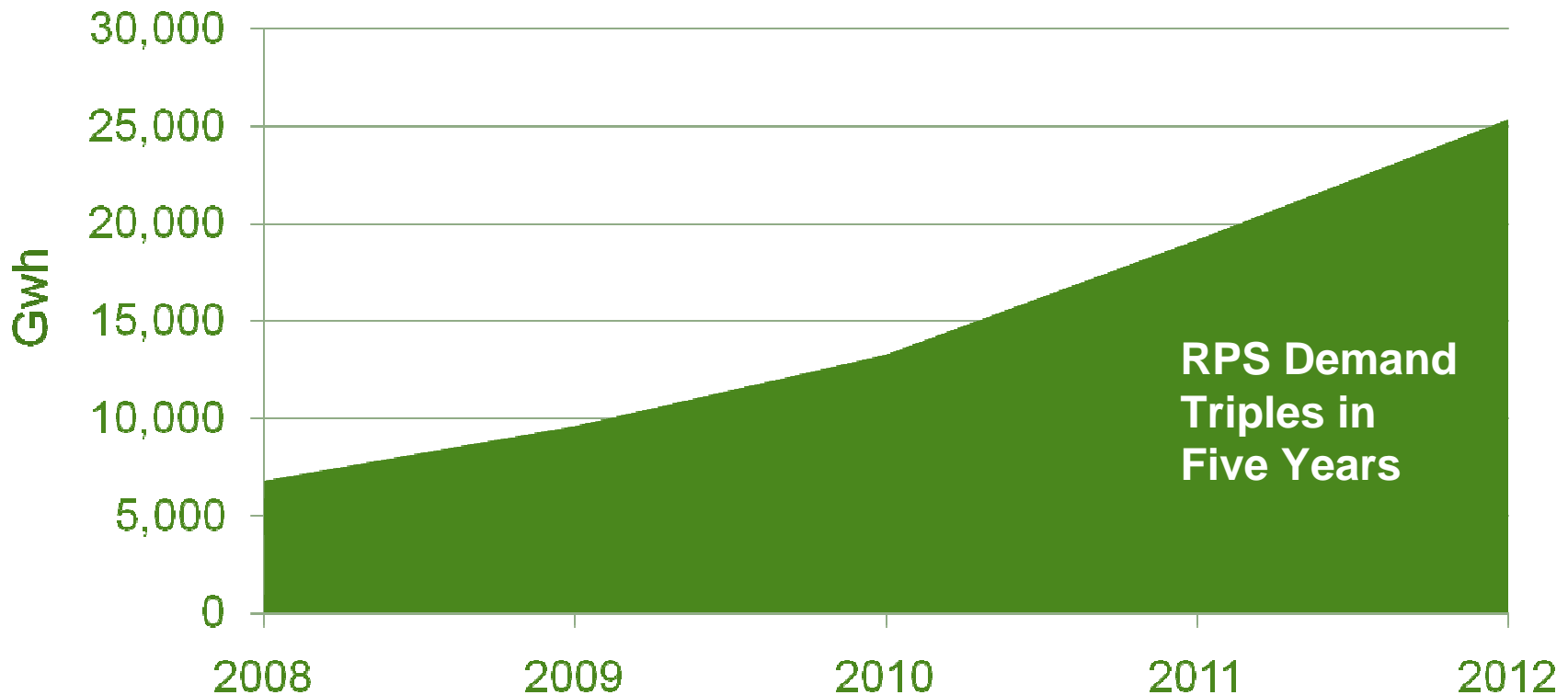
## Questions from Regulators...

1. Do program increase the cost of RPS?
2. Do programs promote retail competition?
3. Are consumers protected from false claims?

# Voluntary demand helps meet regulatory mandates



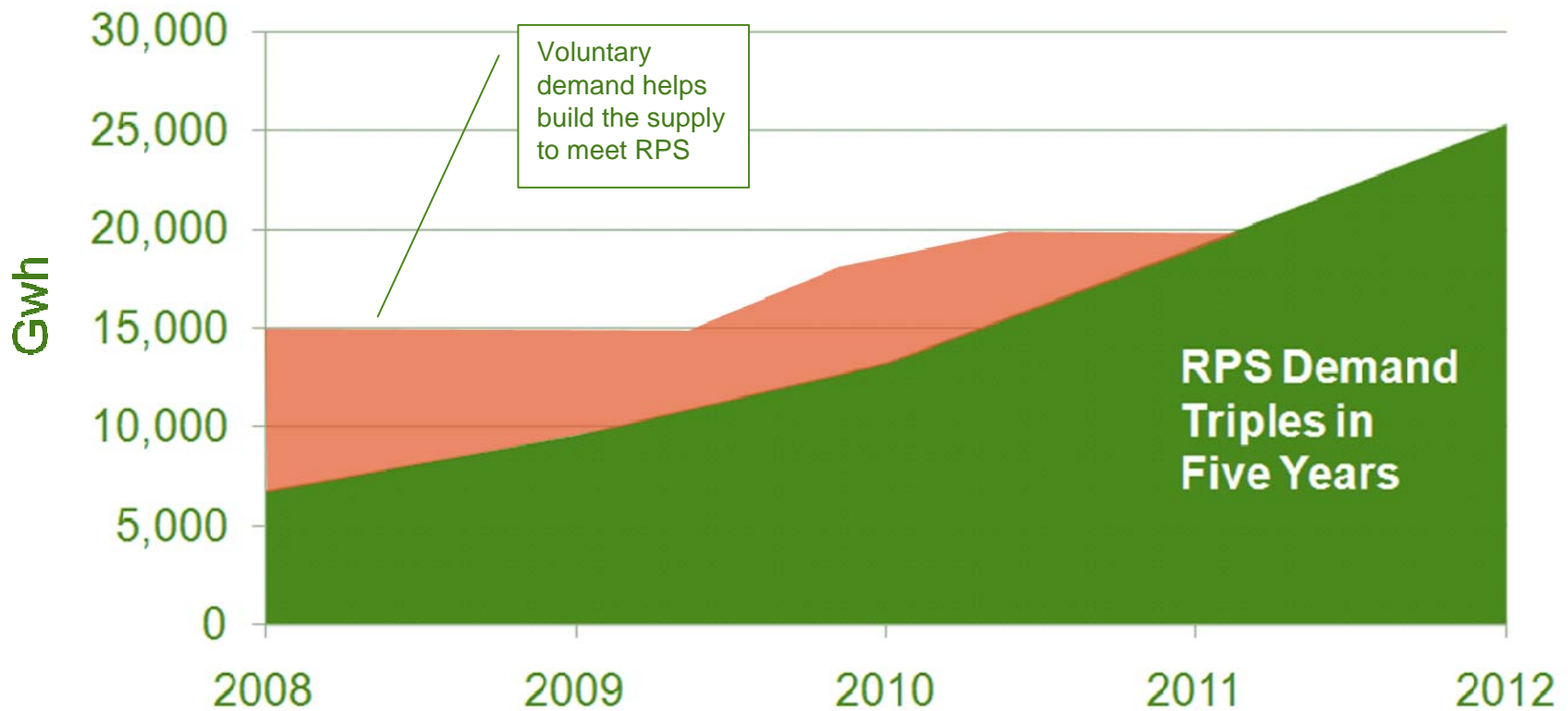
## PJM RPS Demand 2008-2012



# Voluntary demand helps meet regulatory mandates



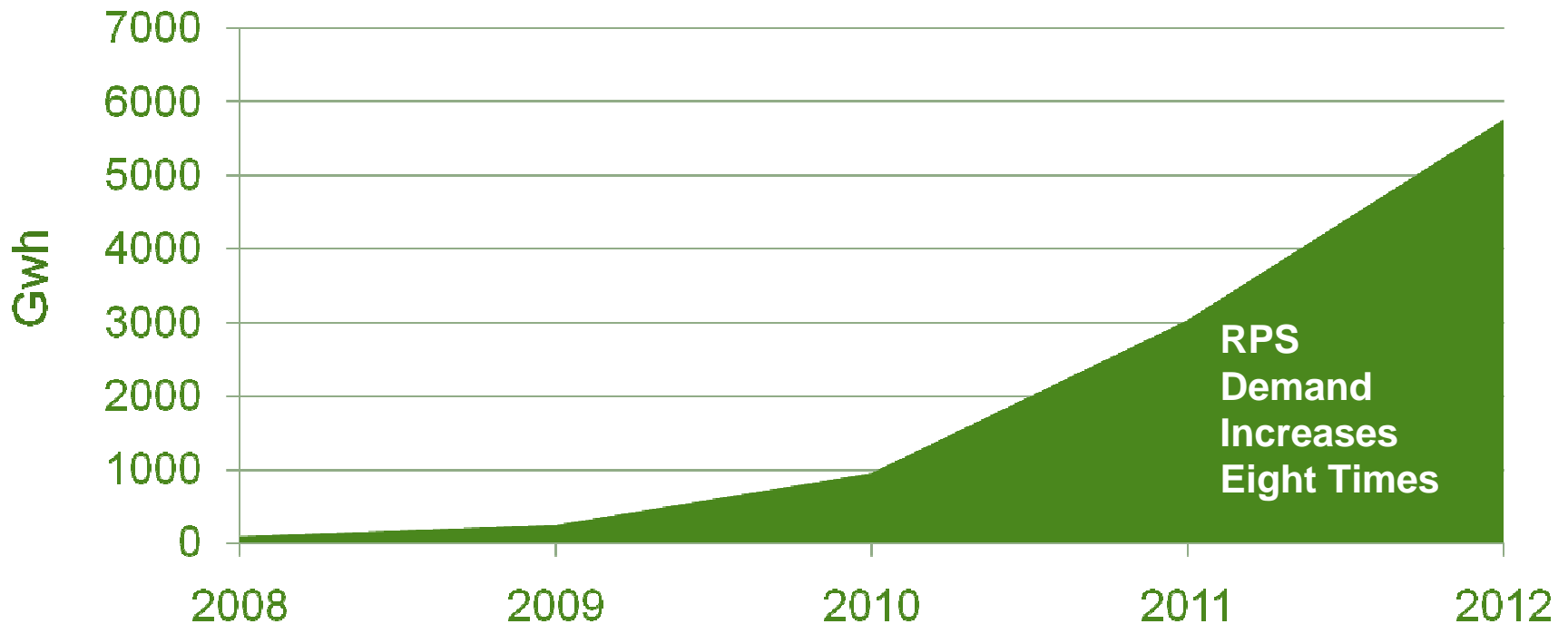
## PJM RPS Demand 2008-2012



# Voluntary demand helps meet regulatory mandates example 2



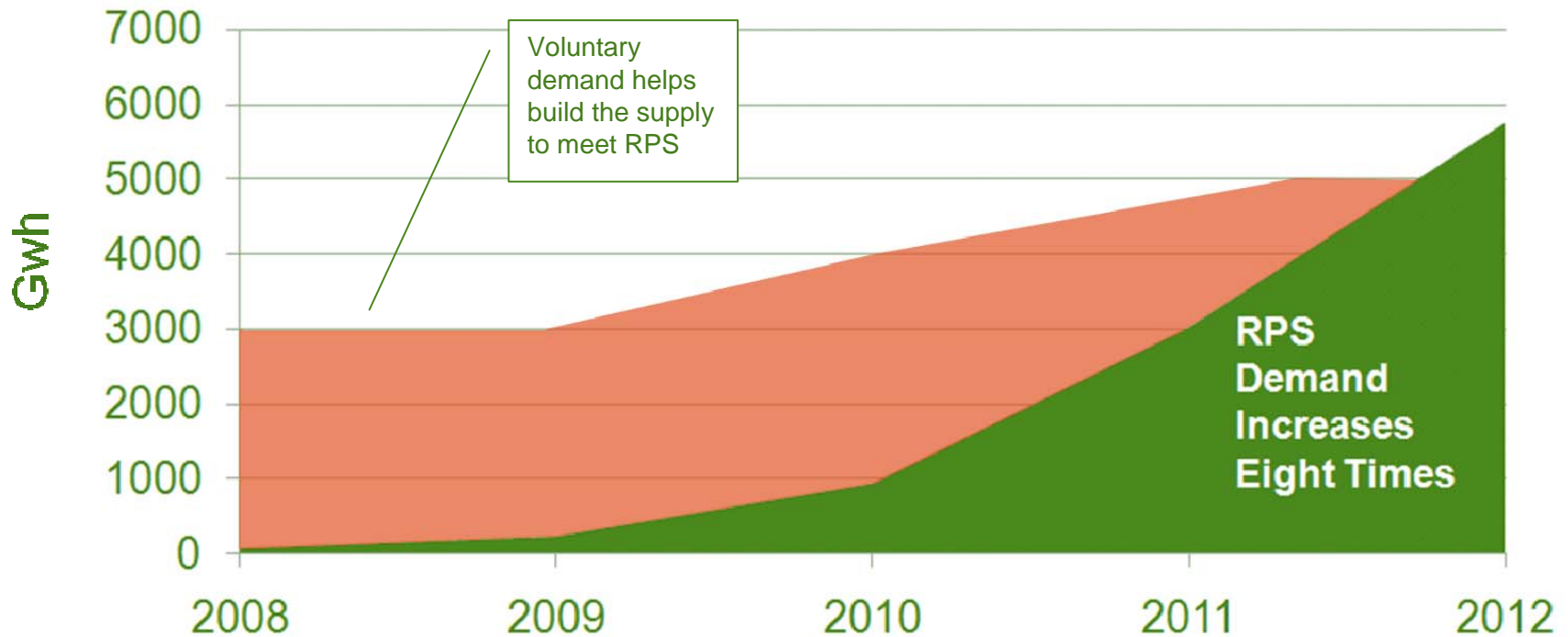
**Pennsylvania RPS Demand  
2008-2012**



# Voluntary demand helps meet regulatory mandates example 2



## Pennsylvania RPS Demand 2008-2012





## Complementing regulatory mandates

- Provide incentives to bring supply on ahead of regulatory demand
- Produce additional market liquidity
  - More Buyers
  - More Flexibility
- GHG initiatives may not create price signals to promote new renewables

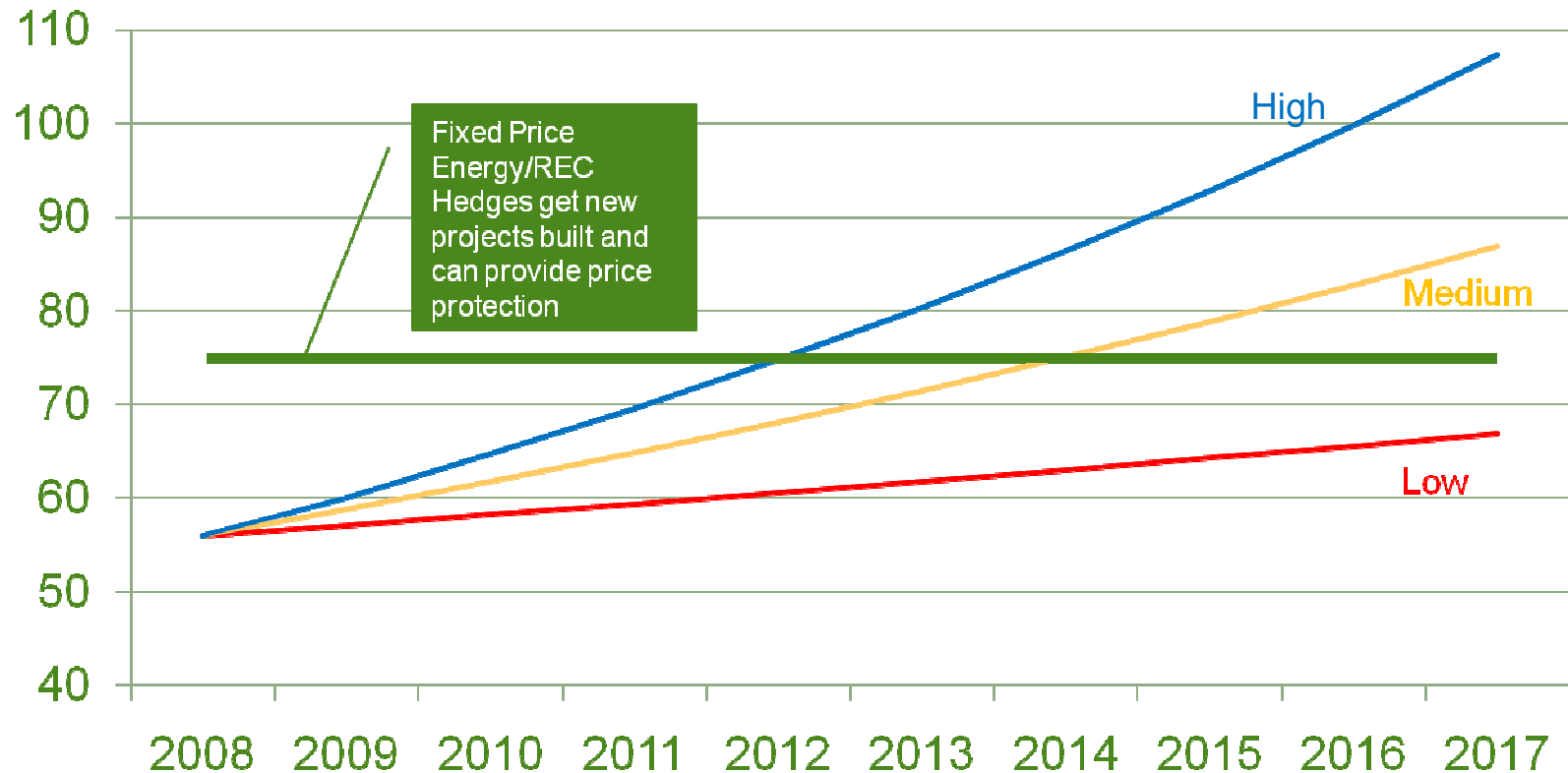
## Voluntary utility-based programs facilitate and promote retail choice

- Limited opportunities for retail choice for residential customers
  - Generally, retail competitive suppliers do not focus on high-cost residential rate classes
  - Residential customers have shown a willingness to participate in “green” programs when offered
- Some individuals will always want the opportunity to go beyond government mandates
- Bundled energy/REC hedge product

## Product efficacy is essential

- Continued education process surrounding the use of RECs as the tracking mechanism
  - Bundled products: energy and RECs
  - Out-of-power pool RECs
- REC-based programs should be linked to bringing new projects online
- Energy/REC hedge products can answer efficacy concerns while providing customers with a high value product

## Energy/REC hedge product example



## Conclusions

- Utility-based voluntary renewable energy programs:
  - Complement regulatory programs by bringing new resources online earlier
  - Provide residential retail customers with choice
  - Give customers the opportunity to go beyond government mandates
- Bundled Energy/REC hedge provide even greater value to customers



## Contact Information

Eric Thumma

Director, Institutional Relations

Iberdrola Renewables

484-654-1887

[ethumma@iberdrolausa.com](mailto:ethumma@iberdrolausa.com)