SRECs in Compliance Markets Need L/T Contracts

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Despite Hurdles, SRECs Are Playing Integral Roles in Financing Large PV

- Electricity suppliers and utilities need them to meet RPS requirements
  - Over reliance on paying the ACP
  - Paying year-by-year, 2 years max
- More enterprises, for-profit and institutional, are grasping their financing role for system owners
- Large PV systems require large sums of capital
- Short contracts pay for projects > once
BUT: Utilities / Suppliers Should Be Obligated to Contract for SRECs Over 15-20 Years

• Without SRECs, very few system owners OR hosts can make finances work
• L/T contracts deliver financing stream banks demand
• Utilities / suppliers slow to engage
• Lack of transparency inhibiting market’s growth
Long-Term SREC Contracts Need to be Sold to Policymakers

• Some states battening down hatches:
  ✓ incentivizing ‘local’ installations
  ✓ prohibiting SRECs from ‘outsiders’

• Stakeholders need to educate lawmakers, PUCs, energy purchasers

• CRS, RPS Collaborative, et. al. could help with outreach
State Abbreviation
(States that allow facilities from this state)

- States with SREC markets (DC, DE, MA, MD, NC, NJ, OH, PA)
- States eligible to sell into other state SREC markets (All states eligible in NC)
- States with a Renewable Portfolio Standard solar requirement, but no SREC market yet
SREC Prices: Sept 2009 – Aug 2010

Solar Renewable Energy Certificate (SREC) Prices

Source: SRECTrade.com
New Jersey RPS: 22.5% by 2021

• 2.1% solar by 2021

• Gov. Christie raided renewable grant funds to balance budget

• SRECs $640
Pennsylvania AltPS: 18% by 2021

- 3% solar by 2011; 8% by 2020
- Market slow to develop due to utility exemptions, now over-heating
- SRECs in 2011 = $249
- Initial RFPs over-reached on credit requirements
- PECO’s auction for SRECs at $260, 50% of ACP
Maryland RPS: 20% by 2022

- .04% solar in 2011;
  - 2% solar by 2020
- ACP currently $400, set to decline in steps after 2014
- SRECs trading 70-80% of ACP, $320
- Industry eyeing forward, long-term contracts from utilities for large PV
Delaware RPS 25% by 2026

- .018% solar by 2011
  - 3.5% by 2026
- Planned 10 MW in Dover threaten to flood market
- State’s ‘Sustainable Energy Utility’ to buy Dover’s SRECs, hold until 2015
- SRECs $225 in 2011
District of Columbia RPS: 20% by 2020

- .02% solar in 2011;
  - .4% by 2020
- ACP $500 fixed through 2018
- SRECs currently $290
- Very shallow SREC pool
- Exelon 10 MW project in Chicago set to soak up all SRECs
Ohio RPS: 12.5% by 2024

- .01% solar currently;
  - rises to .5% by 2024
- Current ACP $400;
  - falls to $50 by 2024