Balancing RPS Compliance with Voluntary Programs at a Profit

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About meta

Creating a Return on Environment sm

What we do:
- Innovate products, services and business models leveraging sustainability as a strategy for value creation.
- Build organizational capabilities to integrate social and environmental performance throughout the value chain.
- Provide valuation products and services to measure performance.

Utility Practice:
- Strategy Development
- Smart Grid
- DSM
- Pricing
- Renewables
- Evaluation & Benchmarking
- Product & Program Design

Verdantix 2010 “Smart Innovator Award – Top Sustainability Consultant”
# IOU Renewable Energy Benchmark

## Participating IOUs
- Ameren
- DTE Energy
- Georgia Power
- Indianapolis Power and Light
- Madison Gas and Electric
- PacifiCorp
- Public Service Electric and Gas
- Public Service New Mexico
- WE Energies
- Xcel Energy Colorado
- Xcel Energy Minnesota

## Subject Matter
- Resource Planning/Compliance
- Regulatory/Legislative Advocacy
- Organizational Structures
- Grid Operations
- Power Operations
- Corporate Strategy
- DG Incentive program designs
- Voluntary program designs
Regulated Renewable Generation Ownership

Average Capacity Ownership Ratio

- Current Renew %: 30
- Future Renew %: 45
- Traditional %: 71
Voluntary Program Supplies

- 36% 100% REC
- 36% Up to 50% REC
- 18% Almost no REC
- 9% 100% Renewable Energy
### IOU Challenges to Bundled Energy Supply

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Challenge</th>
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<tbody>
<tr>
<td>Invest?</td>
<td>Investments will be stranded if voluntary program sales drop</td>
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<tr>
<td>PPAs?</td>
<td>Increased use of PPAs increases liabilities on the balance sheet</td>
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Proposal: A single portfolio to meet both Compliance and Voluntary Program supply needs
Single Supply Portfolio for RPS, Voluntary

18% of retail sales
Single Supply Portfolio for RPS, Voluntary

18% of retail sales
Single Supply Portfolio for RPS, Voluntary

19% of retail sales
Single Supply Portfolio for RPS, Voluntary

PPAs, REC

Owned
Generation

Compliance
Supply

Voluntary
Supply

19% of retail sales
Advantages of Single Supply Portfolio

Voluntary Programs Supplied with Bundled Renewable Energy

- Simplifies supply vs. demand matching
- Provides scale
  - Reduces size of price premium
  - Increases stability of price premium
- Diversifies types of renewables represented
- Provides profit opportunities
Thank You!

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