



MARKETS AND TRADING: THE ROLE OF THE Voluntary MARKET

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Overview

1. The Community Energy Story
2. The Voluntary and Compliance Markets
3. Market Drivers
4. Market Value
5. The Future

Community Energy

Building a Clean Energy Future

- Clean energy market pioneer
- Experienced wind and solar developer
- Clean energy supplier to
 - 120,000+ residences and businesses
 - 20 utility green power programs
 - Some of the largest green power purchasers in the nation
- Founding member of REMA



The Beginning

1999 → Less than 10 MW of wind east of the Mississippi

2000 → CEI partnered with the first wind farms in PJM



Somerset Wind Farm, PA

- ☑ Goal: Build wind farms
- ☑ Idea: Customers want to make a difference and will pay more for renewable energy
- ☑ Result: Success! By 2004 built 154.5 MW of wind based on voluntary commitments

The Markets

➤ Voluntary

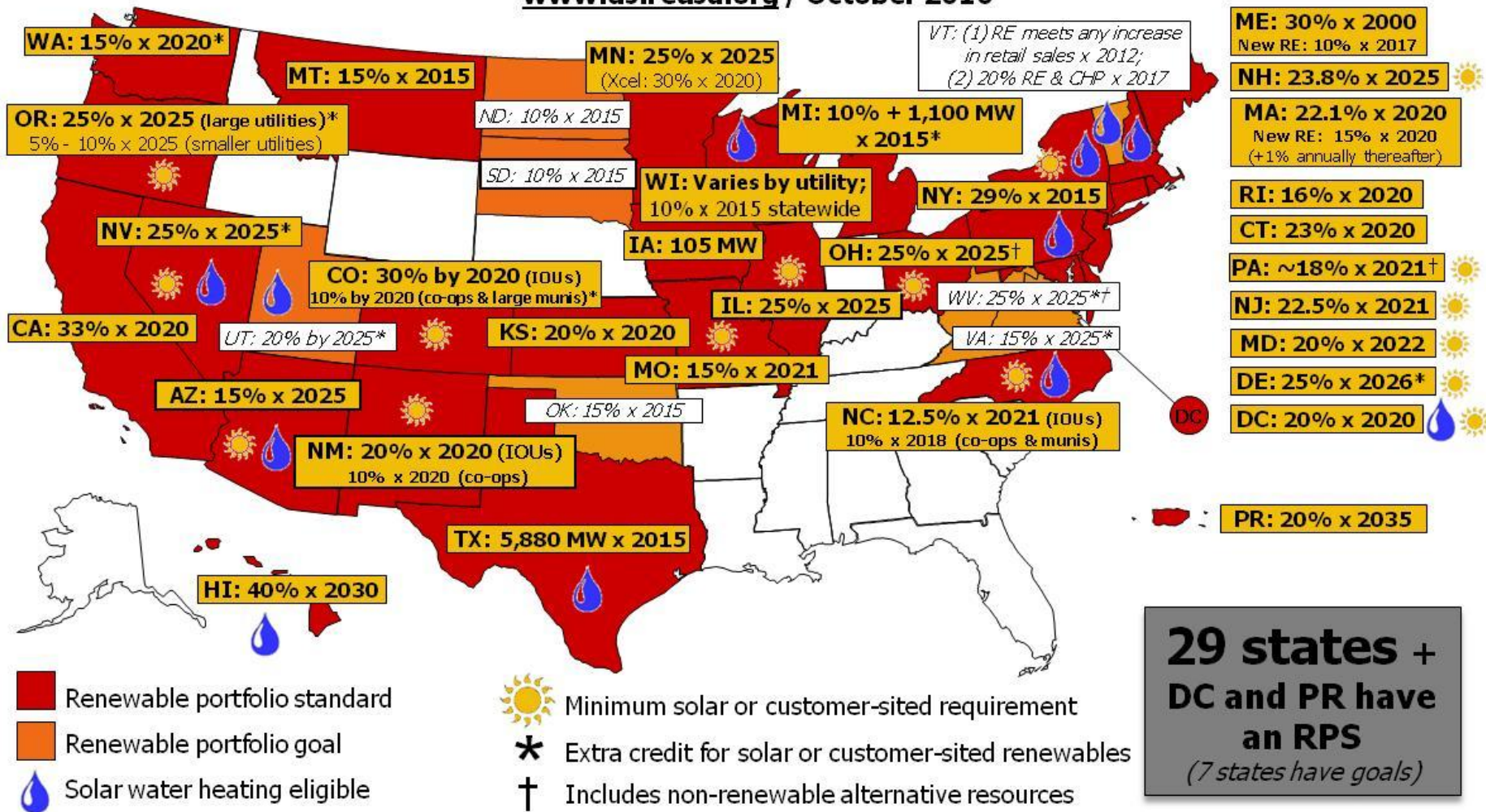
- Established late 1990's
- Driven by customers who choose to support renewable energy
- Early large purchasers 2005-2006: Whole Foods, Johnson & Johnson, Wells Fargo

➤ Compliance

- Gained momentum mid-2000's
- Driven by mandated targets
- 29 states have standards

RPS Policies

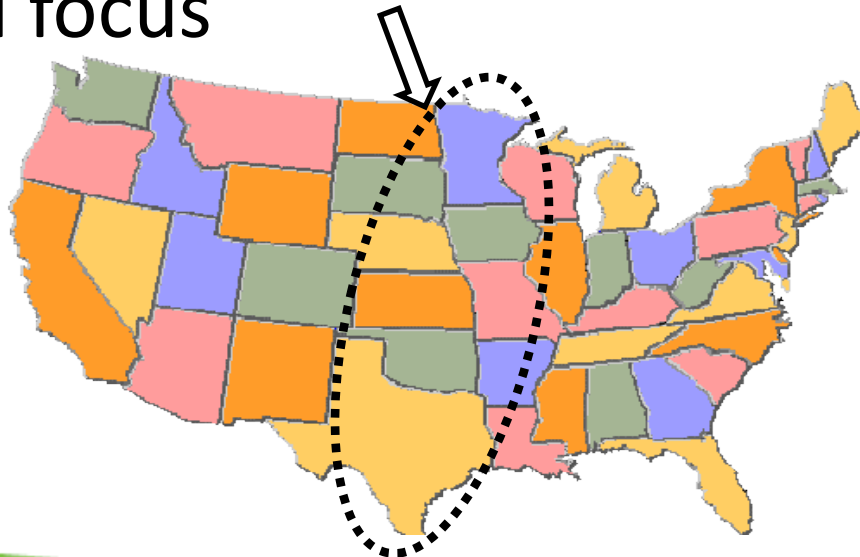
www.dsireusa.org / October 2010



29 states + DC and PR have an RPS
(7 states have goals)

Voluntary Now

- More players in the market
 - Customers, marketers, developers, brokers
- Abundant supply
- High volume, lower priced sales
- National focus

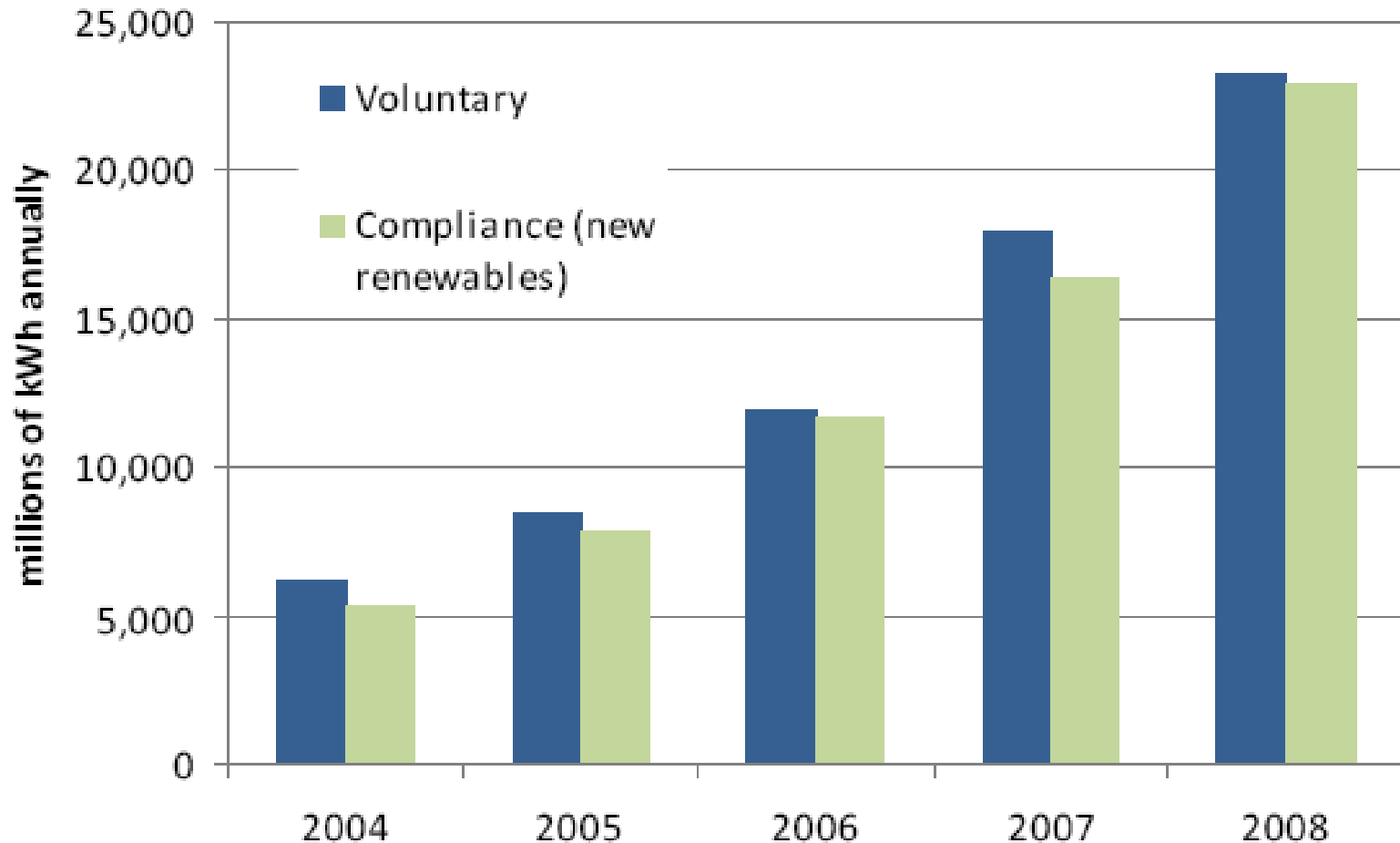


Market Differences

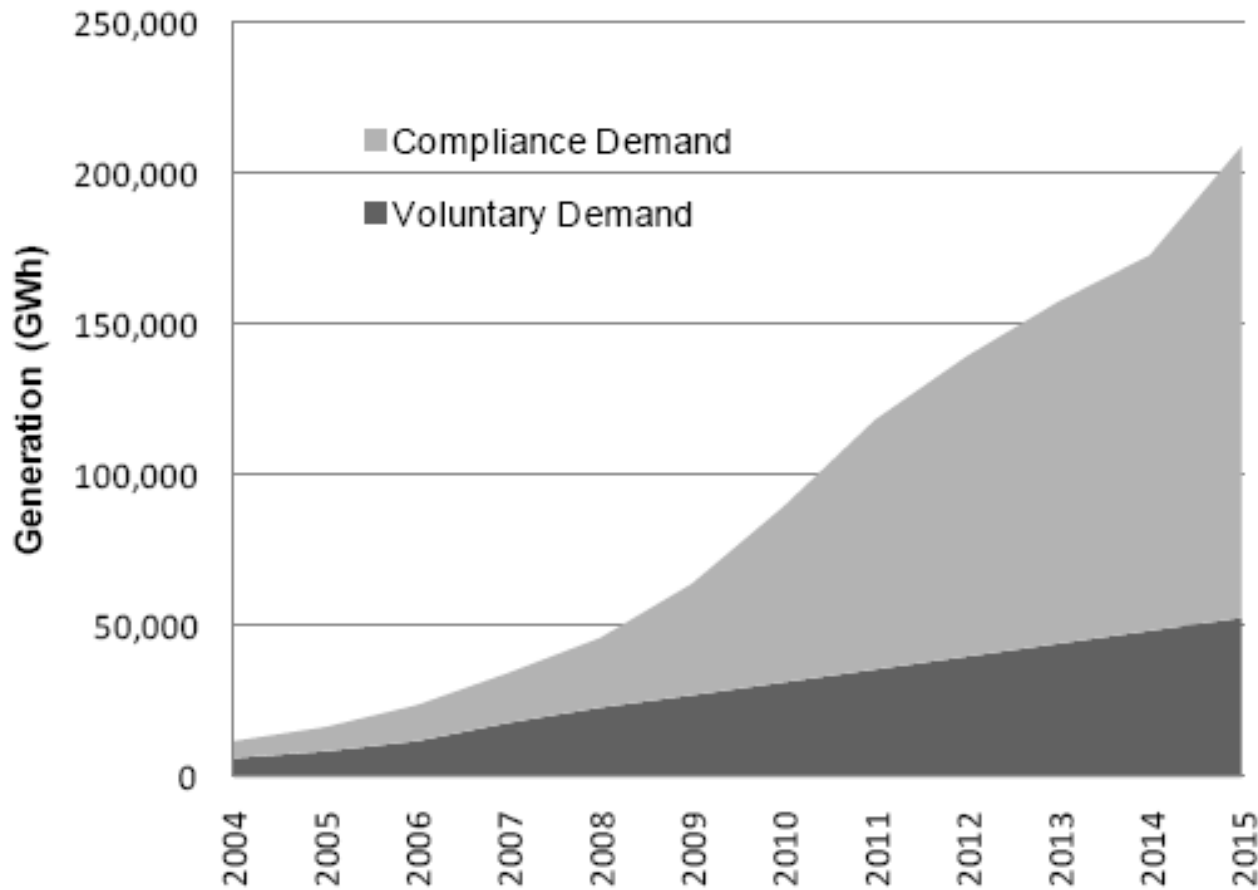
	Voluntary (today)	Compliance
Mandate	No	Yes
Price	Low	High
Geographic preference	Low	High
Technology preference	High	Low
Verification	Green-e	State Agency (i.e. BPU or PUC)

Both markets = Revenue for Generators

Historical Demand



Projected Demand



Voluntary Market Contributions

- Pioneers for new generation
- Revenue stream for generators
- Raise awareness/advocate
- Established the foundation for the RE markets
- Helped shape public policy
- Provide price hedge for developers (PECO WIND)

Value

➤ Customers value:

- Carbon value –
lower cost, higher volume
purchases
- Total value –
other benefits include
green power, local
environmental and economic interests



➤ Customers can provide more value to generators

Future

- Vibrant voluntary markets essential to lead the compliance markets
- New drivers/ products/ models needed
- Examples
 - Regional support
 - Hedges
 - Solar
 - Long term commitments
- Recognition Needed

Conclusion

- Significant market growth over past 10 years
- The voluntary and compliance markets complement each other and serve similar goals
- New market drivers needed
- The voluntary market is essential and can continue to lead in new markets

Thank You

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