

RENEW Issue Brief: Expanding Market Access

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Aggregating REC's from Local Installations

BACKGROUND: Along with the energy they produce, renewable system owners can also sell the attributes associated with their output to a different entity than the one acquiring the energy. These secondary markets can accommodate a wide range of renewable energy producers, from nationally prominent wind developers to residential owners of PV systems. In Wisconsin, utility-run "green pricing programs", which are voluntary in nature, funnel customer dollars to support renewable energy installations that would not otherwise have been constructed, due to their higher cost. In fact, several Wisconsin utilities were, until recently, active aggregators of solar electricity generated by their customers, acquiring their attributes through special buyback rates. But with the discontinuation of these solar initiatives, renewable energy producers must look to other entities to aggregate their REC's and market them effectively.

PROBLEMS:

- (1) As a result of slumping natural gas prices, utilities have had to increase their renewable premiums, even though the cost of the renewable energy remained the same. Current and prospective subscribers have no control over the cost of sponsoring new renewables.
- (2) Along with the increasingly unsatisfactory economics of buying renewable energy from utilities, customers are frustrated by the lack of local content in these programs. These programs do not effectively channel customer dollars into independent renewable energy businesses.

OPPORTUNITY: Nothing in Wisconsin law prevents a unregulated entity from aggregating REC's from owners of active systems and marketing them directly to utility customers. Virtually every owner of a small wind turbine or a solar hot water system have RECs to market, as do many solar electric system owners. These RECs can be blended with those from lower-cost hydro and biogas projects to hold down the premium. From a customer's standpoint, purchasing RECs from a nonutility aggregator has two advantages over subscribing to a green pricing program:

- Premium size should remain constant
- The offering could be 100% sourced in Wisconsin, with the possibility of different resource options depending on location and price.

PROGNOSIS: Sources of RECs abound in Wisconsin. The key is to develop a business plan that relies as much as possible on existing mechanisms for customer aggregation (e.g., schools, churches, local governments)