



renewable choice
ENERGY



RENEWABLE ENERGY
MARKETS CONFERENCE
PORTLAND, OR OCTOBER 19-22 2010

Innovative REC Strategies for Project Finance

Justin Segall – VP of Resource Development
Renewable Choice Energy

► October 21, 2010

Presentation Outline

- Market and Policy Context
- RECs 101 and Market Exploration
- Optimizing Value for Environmental Attributes

▶ Renewable Choice Background

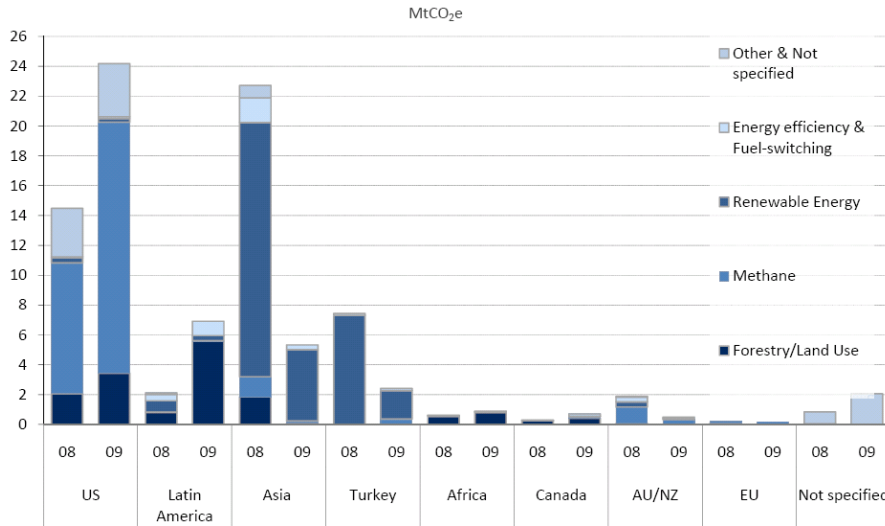
- ▶ Founded 2001
- ▶ Headquartered in Boulder, Colorado
- ▶ Leading national renewable energy provider
- ▶ Commercial market development and leadership:
 - ✓ Whole Foods Market 1st 100% purchaser
 - ✓ 1000+ LEED-certified projects
 - ✓ High-profile Fortune 500 clients
- ▶ Innovations:
 - ✓ Wind Power Card™
 - ✓ Green Your Phone™
 - ✓ Steelcase® Wind Farm

▶ Market and Policy Context

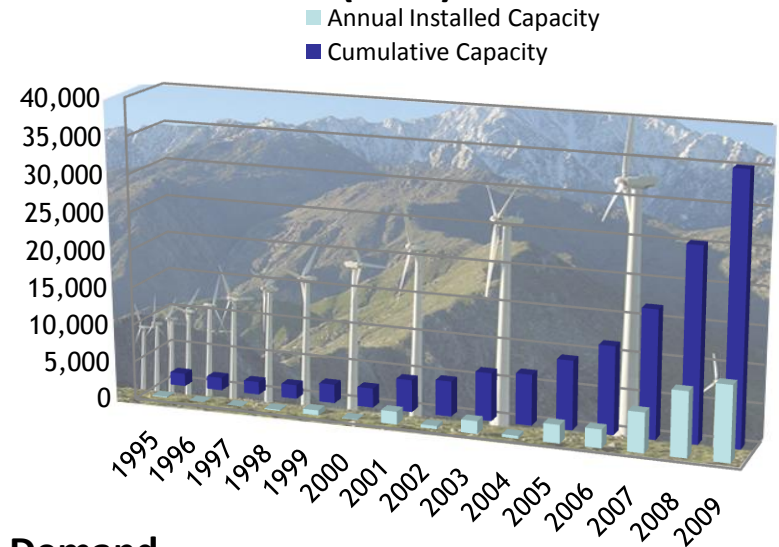


► Significant Growth is Underway

Carbon Project Growth Worldwide

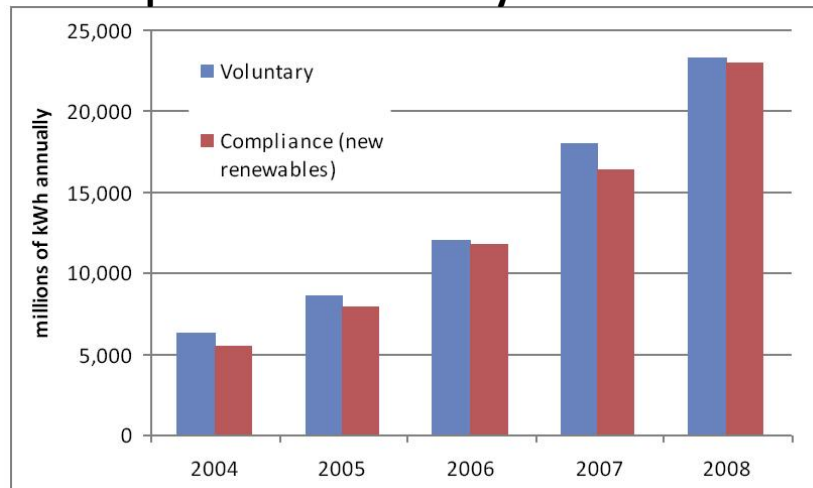


U.S. Wind Power Capacity (MW)



Source: Bloomberg New Energy Finance

Compliance vs. Voluntary REC Demand



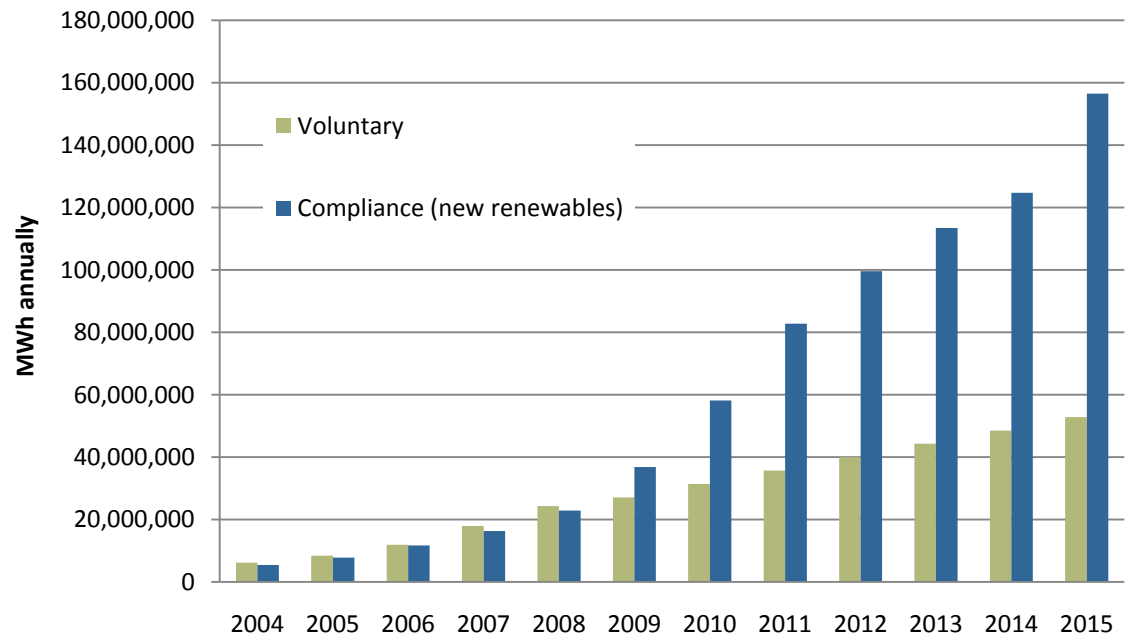
Source: AWEA 2008 and 2009 Market Reports

Source: National Renewable Energy Laboratory

Demand is Growing for Renewable Energy

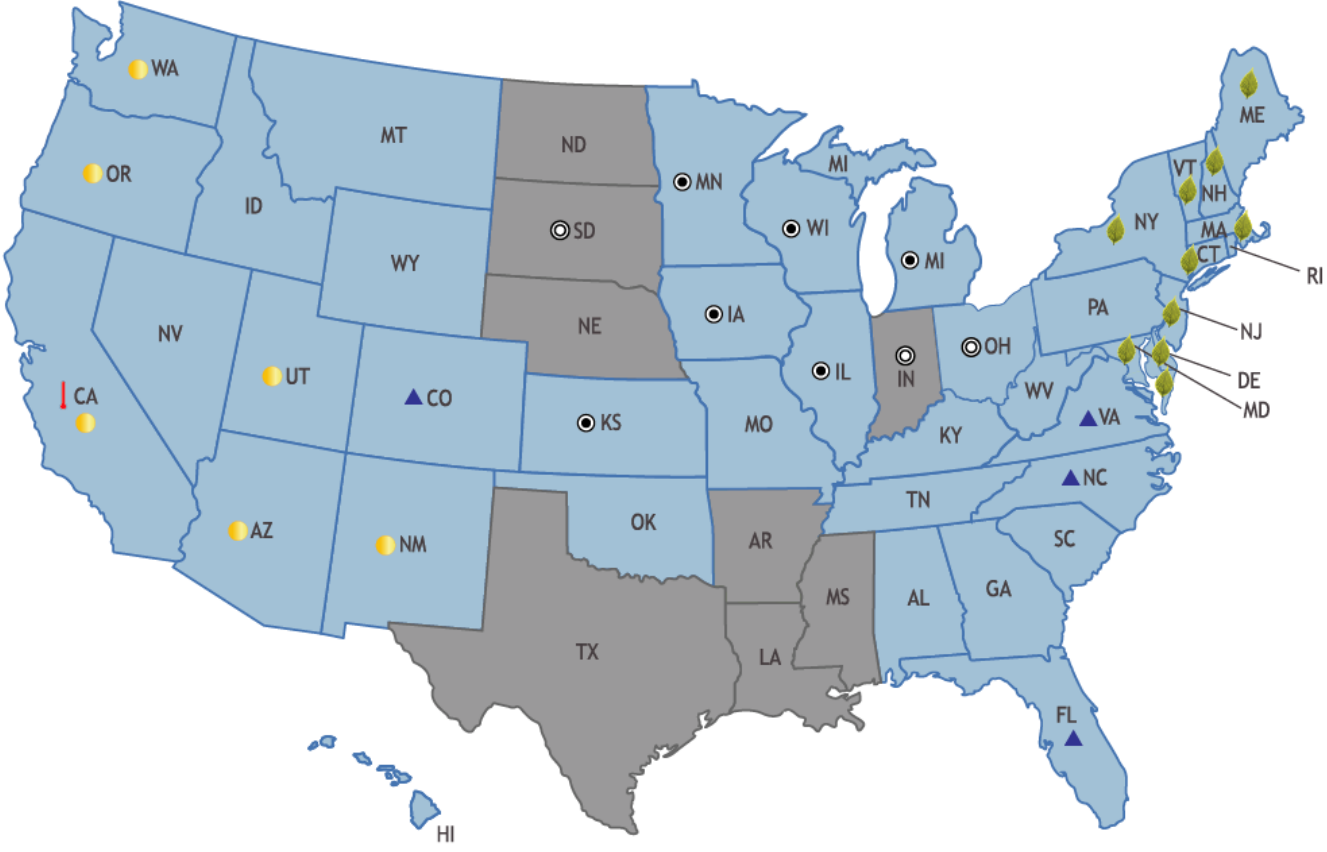
- Compliance and voluntary market demand continues to grow in the future
- This demand is captured in the form of demand for the purchase and retirement of RECs.

Renewable Energy Market Demand*



* Demand for “new renewables” – projections based on RPS & voluntary growth estimates

The Emerging Regional Carbon Regulatory Environment



- Climate Registry Participant States
- Midwest Regional Greenhouse Gas Reduction Accord (MRGGRA)
- Observers to MRGGRA
- Regional Greenhouse Gas Initiative (RGGI)
- Western Regional Climate Change Initiative
- AB32 - California Global Warming Solutions Act
- States with emission targets not a part of Regional Initiative

National Regulation - House Bill Passed

- First Climate and Renewable Electricity Standard bill to pass the House (American Clean Energy and Security Act)
- Covers stationary sources emitting 25,000 tons per year
- Targets (% below 2005 CO2 levels)

2012 – 3%	2030 – 42%
2020 – 17%	2050 – 83%

- Includes Renewable Electricity Standard – 20% by 2020

2012 – 6%	2016 – 13%
2014 – 9.5%	2018 – 16.5%

RPS Update

- 29 States and the District of Columbia have Renewable Portfolio Standards
 - In 2009 KS introduced RPS of 20% by 2020
 - Last year CA, CT, DE, DC, HI, NV and OR all increased targets
 - CA & CO increase to 30+% in 2010
- H.R. 2452 passed the House in 2009 and includes a national RES of 20% by 2020



▶ Renewable Energy Credits 101 and Market Exploration

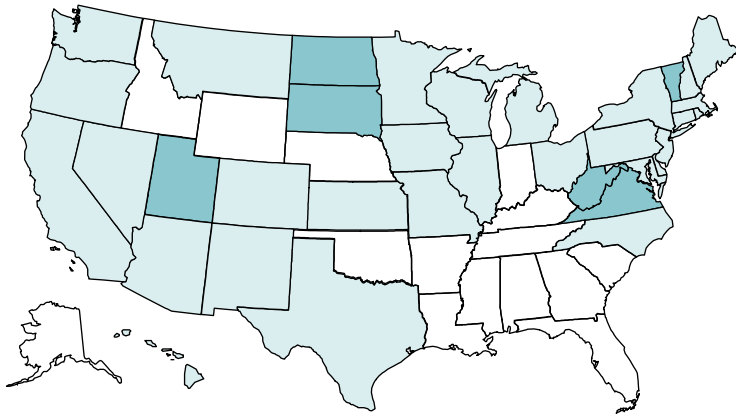


Revenue Streams: The Four Legs of Wind Energy



One Commodity – Two Markets

Compliance



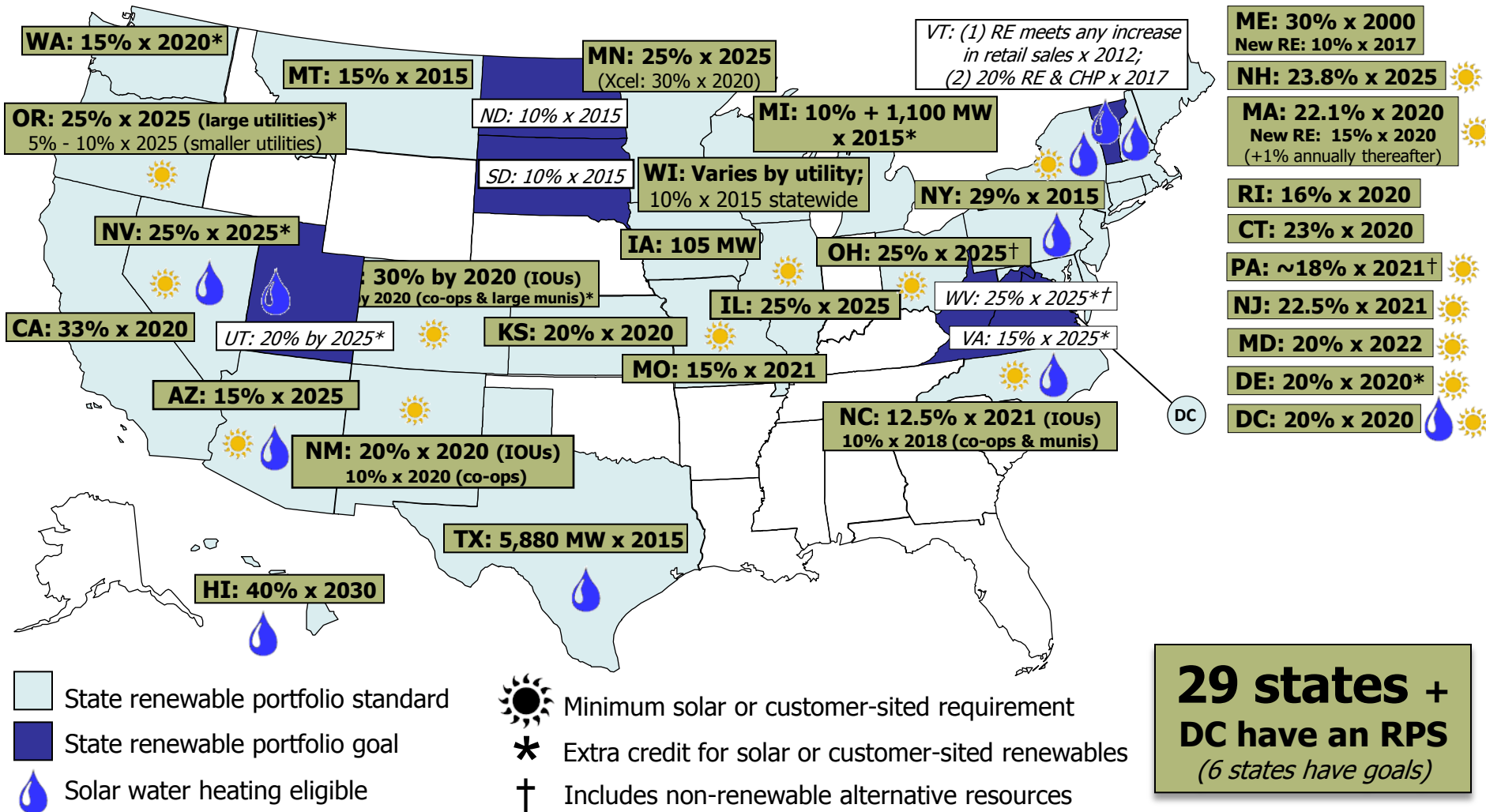
Voluntary



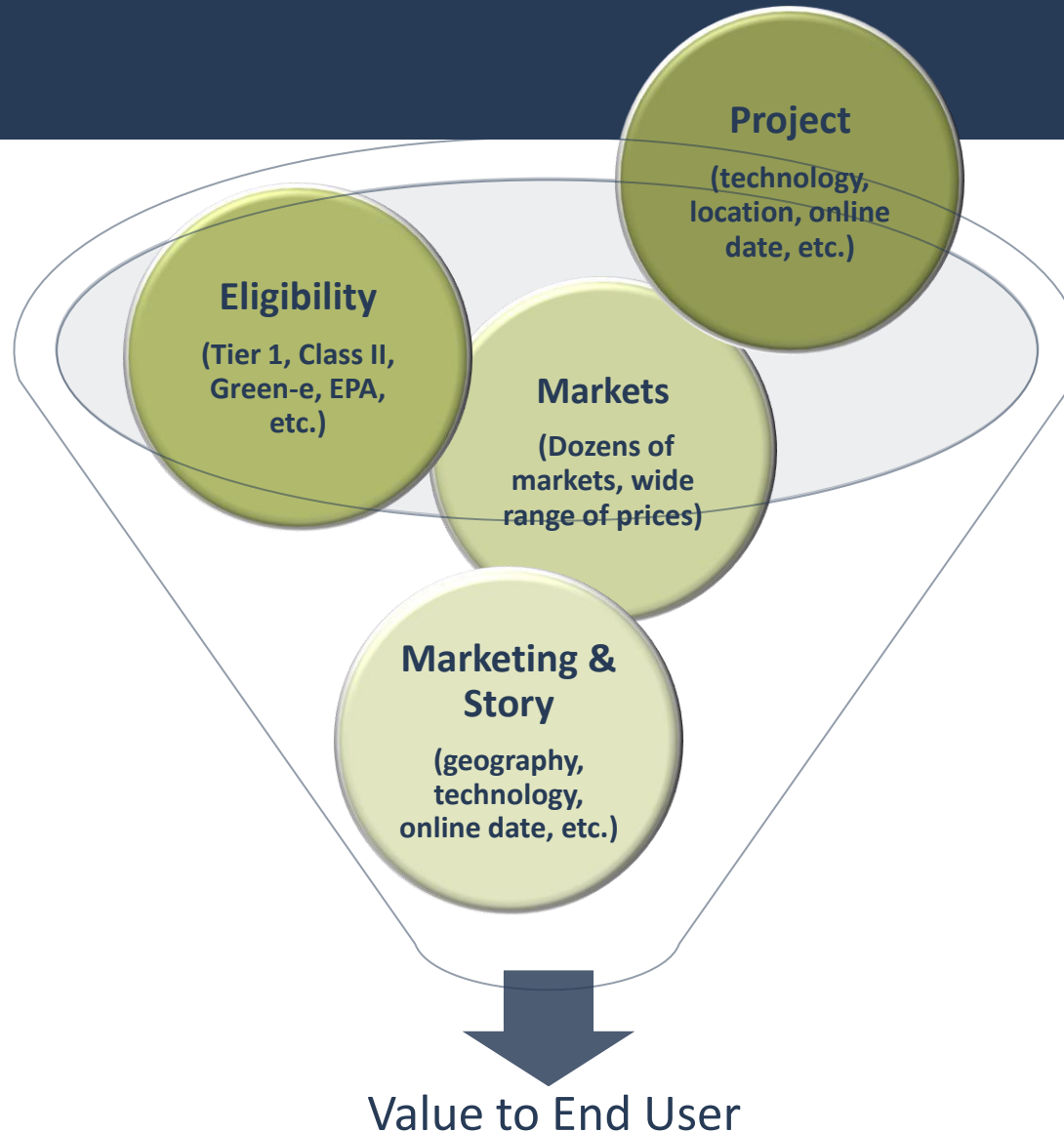
Renewable Energy Credits



One Commodity – Many Compliance Markets



All RECs are NOT created equal



▶ Optimizing Value for Environmental Attributes



Key Considerations

- Energy – Bundled or Unbundled?
- Term
- Volume
- Firm or Unit Contingent
- Active or Passive management of portfolio?
- Objective: Maximize value or known revenue stream?



Opportunities to Innovate

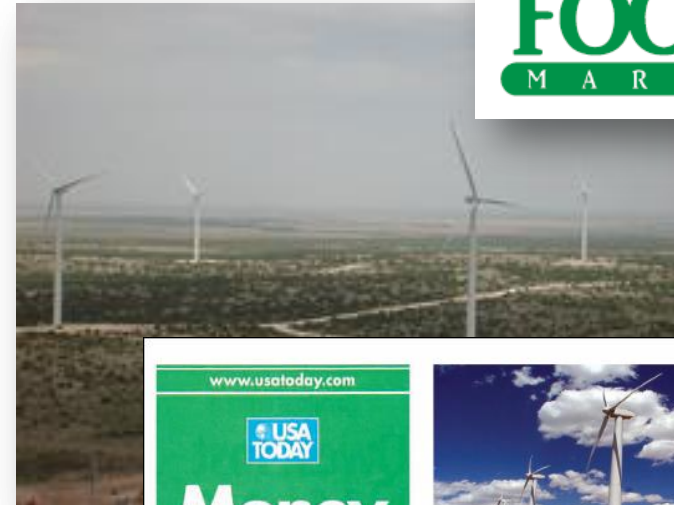
- Creating value with different markets
 - Compliance/Voluntary
 - Carbon Markets
- Upfront cash value
 - Early Payments
 - Options
- Partnership options
 - Environmental management
 - Corporate sponsorship



Success Story: Whole Foods Market & Panther Creek



- ✓ #2 on EPA's 100% Green Power Purchaser list
- ✓ Renewable Choice arranged unique purchase with developer to secure favorable pricing to help support a specific project
- ✓ Deal structure provided unique marketing/PR opportunity for Whole Foods and E.ON Climate & Renewables



Monday, January 9, 2006

Whole Foods goes with the wind

By Bruce Horovitz
USA TODAY

AUSTIN - Whole Foods Market is about to put some serious wind in its sales.

The trend-setting, natural foods grocery chain on Wednesday will announce plans to become the largest buyer of wind energy credits in North America by purchasing credits equal to 100% of its projected energy use for 2006.

That will make Whole Foods the only Fortune 500 company to purchase renewable energy credits, says Barbara

One credit represents one megawatt-hour of electricity from renewable sources. Producers of such energy sell the credits through brokers; the proceeds help offset the additional cost of generating electricity that way rather than by burning fuels such as coal.

Wind energy is the fastest-growing source of electricity in the USA. The Whole Foods purchase will help avoid more than 700 million pounds of carbon dioxide pollution in 2006, says the EPA. That's the rough equivalent of taking 60,000 cars off the road, the EPA says.

"From a branding perspective, it's a stroke of genius," says Barbara

Whole Foods' purchase equals 1 million kilowatt hours, and it gets no advantage for it.

The move comes at a time when many Fortune 500 companies are trying to project a "greener" image, including General Electric, whose CEO Jeffrey Immelt recently pledged to decrease pollution and double R&D spending in cleaner technologies.

Whole Foods isn't doing this altruistically. Most grocery stores are major users of energy. As the 180-store chain grows, Whole Foods is increasingly being asked by its environment

Success Story: Steelcase & New Growth Wind

- ✓ First corporate sponsorship of a commercial-scale wind farm
- ✓ RCE used existing relationships to bring Steelcase and John Deere together
- ✓ Steelcase received a 2009 EPA Green Power Leadership Award due in part to this unique financing arrangement
- ✓ Story is told in the whitepaper *Expanding Green Power: A New Business Model*



Conclusions



- Many ways to receive value for environmental attributes
- Value and opportunity driven by regulation, legislation, and market innovation
- Rapidly changing environment



Contact

Justin Segall
VP of Resource Development
Renewable Choice Energy
jsegall@renewablechoice.com
303-551-7564

