

US RPS MARKETS AND UTILITY STRATEGIES: 2010-2025

May 2010

STUDY HIGHLIGHTS:

Regional RPS Market Analysis

- California ISO
- New York ISO
- ISO-New England
- PJM
- MISO
- WECC
- SPP

US RPS Supply and Demand Drivers

- Historical RPS Evolution
- Implications of a National RPS
- US State RPS Comparison
- Timing of Renewable Shortfalls

RPS Compliance Forecast and Technology Assessment

- RPS Demand, Project Queues, Cost Drivers by ISO
- Compliance Forecast Through 2025
- Federal RPS Scenario
- Forecast of REC Pricing Trends by ISO

US Utility Positioning and Compliance Strategies

- Utility Ownership Strategies
- Renewable PPA and REC Acquisition Strategies
- Distributed Generation

Strategic Profiles of 40 US Investor-owned and Municipal Utilities:

- Power portfolio strategies
- RPS requirements through 2025
- RPS compliance strategies
- Renewable PPA and project activity

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Without question, state Renewable Portfolio Standards (RPSs) have been a major driver of renewables build-out in the US: of the 30 GW of non-hydro renewable capacity added since 2004, 90% has been built in states with an established, legally binding RPS. But what lies ahead? The renewables market of the next few years will not look like those of years past. In the near to medium term, the timing and location of project activity will be increasingly crucial for building successful renewables strategies.

A new, comprehensive study from IHS Emerging Energy Research is your guide for understanding and leveraging the complicated regulatory, technical, and cost environment for the US renewables market. **US RPS Markets and Utility Strategies: 2010-2025** evaluates the impact of existing state and potential federal RPS policies on current and future renewable energy development and ownership, by assessing evolving utility strategies for compliance and measuring the key challenges to meeting RPS targets. EER's proprietary landmark study is your source for renewable market insight.

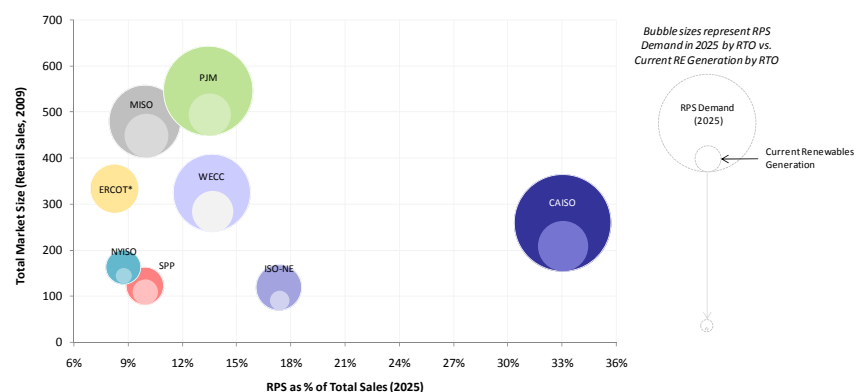
A baseline of renewable power markets in the US. To meet existing state goals, over 120 GW of new renewables will be required during the next decade--over 50% of all power generation added between 2010 and 2020. Yet a development surge in recent years sustained by strong Power Purchase Agreement prices in an environment of high and rising fossil fuel costs has more than fulfilled near-term RPS targets and slowed the PPA market in a number of key regions. EER's study tracks which markets are still growing, which are poised for export, and impediments to growth.

A must-have roadmap to RPS demand through 2025 by ISO and by state. Banking of RECs will have a significant effect on the timing of demand for new development/PPAs, and will also make RPS-based demand less transparent and harder to gauge. Properly paced development through the decade will be critical – a market slowed too much by reluctance to sign PPAs in the near term could get caught short by the accelerating demand in the latter half of the decade.

A playbook to build or benchmark your strategy. Spurred by RPS compliance obligations, US utilities are accelerating a variety of renewables procurement and deployment strategies, shaped by risk appetite, geography, level of compliance requirements, and local regulatory environment. Among the largest 50 utilities in the US with RPS compliance obligations, more than half have plans to develop or acquire renewable power capacity over the next five years.

Scenario analysis to map the potential of a federal RPS. A national RPS, moreover, would drive significantly more investment and impact supply-demand balances by Independent System Operator. In anticipation of a federal RPS, states including Oklahoma and Indiana are attracting renewables growth. A federal RPS could boost renewables demand by 70% across the US relative to existing state policies.

Exhibit 3-1: Cross-Comparison of RTO/ISO Market Size and Renewables Demand



Source: IHS Emerging Energy Research

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- Global Ocean Energy Markets and Strategies: 2010-2030 (Released October 2010)
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