



# Washington D.C. SREC Market Update

May 22, 2020

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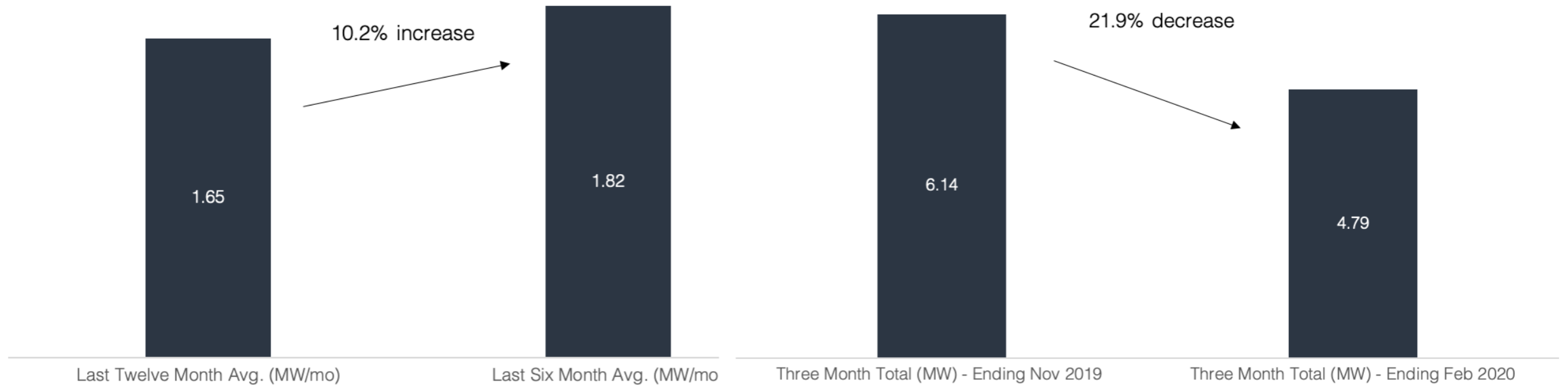
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# DC SOLAR BUILD RATES



Total installed capacity as of February 29, 2020 is 116.9 MW. Monthly build over the last six months increased to 1.82 MW/month as compared to 1.65 MW/month over the last twelve-months (LTM). Total quarterly MW build for the three months ending in Feb 2020 was 21.9% lower than the three months prior.



# EXEMPT LOAD CONTRACT IMPLICATIONS



- **Exempt Load/Grandfathering:** *For 3 years after January 1, 2019, [the amended RPS and ACP schedules] shall not apply to any contract entered into before the effective date of the CleanEnergy Act; provided, that this subsection shall apply to an extension or renewal of such a contract.*
- This grandfathering clause segments load contracts into three buckets:

Contracts signed prior to October 8, 2016		
Year	Solar RPS	ACP
2020	1.58%	\$200
2021	1.85%	\$150
2022	2.18%	\$150
2023	2.50%	\$50

Contracts signed between October 8, 2016 and January 1, 2019		
Year	Solar RPS	ACP
2020	1.58%	\$500
2021	1.85%	\$500
2022	2.18%	\$500
2023	2.50%	\$500

Contracts signed after January 1, 2019		
Year	Solar RPS	ACP
2020	2.18%	\$500
2021	2.50%	\$500
2022	2.60%	\$500
2023	2.85%	\$500

- Naturally, these load contracts will roll off, reducing the amount of grandfathered load each subsequent year

# DC GRANDFATHERING ASSUMPTIONS



- As per the [DC PSC RPS Report for Compliance Year 2019](#), load is grandfathered into two buckets: that which is exempt from requirements set forth in the RPS Expansion Act of 2016 and that which is exempt from the [CleanEnergy DC Omnibus Amendment Act of 2018](#). Load subject to requirements from the legislation preceding the [RPS Expansion Act of 2016](#), will be subject to ACP levels which are lower than current DC SREC pricing. As such, load that falls in this bucket will pay the compliance penalty instead of purchasing DC SRECs.
- The breakdown of these two buckets are as follows:

Retail Sales Subject to Pre-2016 ACP Levels		
Year	Exempt Sales	Share of Total
2018	5,540,183	49.1%
2019	2,279,758	33.8%
2020	1,550,273	18.7%
2021	1,050,976	14.3%

Retail Sales Exempt from CleanEnergy Act		
Year	Exempt Sales	Share of Total
2019	10,337,329	93.3%
2020	7,863,952	69.6%
2021	6,436,146	64.3%

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# SUPPLY AND DEMAND ASSUMPTIONS

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The following analysis assumes:

- Electric load growth remains flat at 2019 MWh sold – 11.1 million MWh per year through 2024 (Source: [DC PSC RPS Report for Compliance Year 2019](#))
- Capacity data sourced from GATS on May 6, 2020. Data is only utilized through February 2020 due to systems receiving interconnection approval in March and April, but not yet being registered with GATS.
- Grandfathered load in 2018-2023 follows the breakdown outlined in slide 4. The analysis assumes after energy year 2021 the grandfathered load exempt from the Clean Energy Act will roll off in two years in equal increments.
- Scenarios presented are derived from Last Twelve Month (LTM) average build rates per month (Mar 2019 – Feb 2020). Due to the variability of build rates, three scenarios are presented representing different rates of new capacity acceleration – 50%/100%/150% of current LTM build rates per month.
- The analysis uses a capacity factor of 12.56%, which is an approximation derived from the running average capacity factor across DC-sited solar facilities since 2016. This capacity factor is monthly-weighted and applied to each month of projected cumulative capacity in the DC SREC market to determine future SREC supply.

# DC 2020 SREC MARKET DYNAMIC



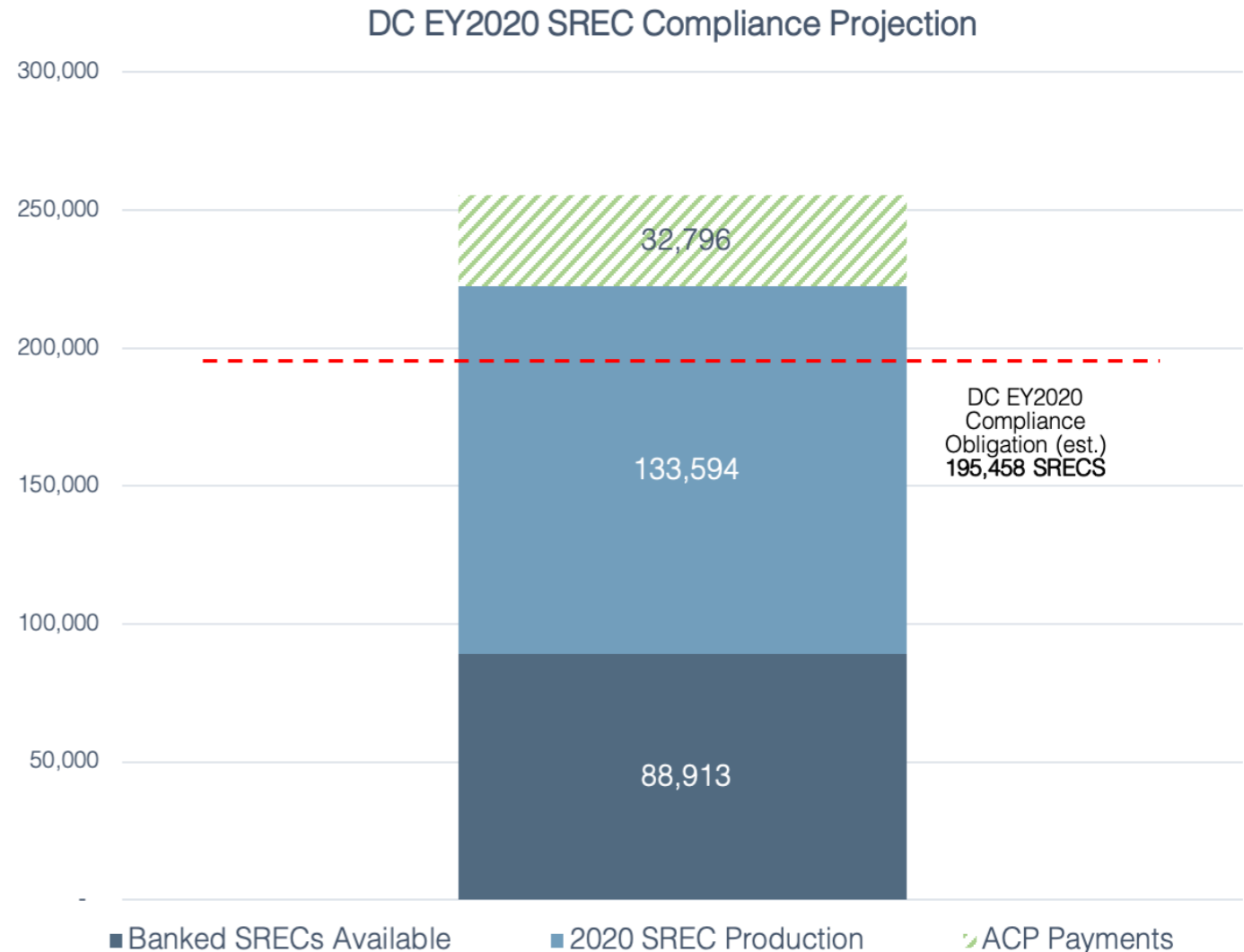
Using GATS recent issuance data as of May 2020 and LTM average build rates.

## 2020 Supply and Demand Summary

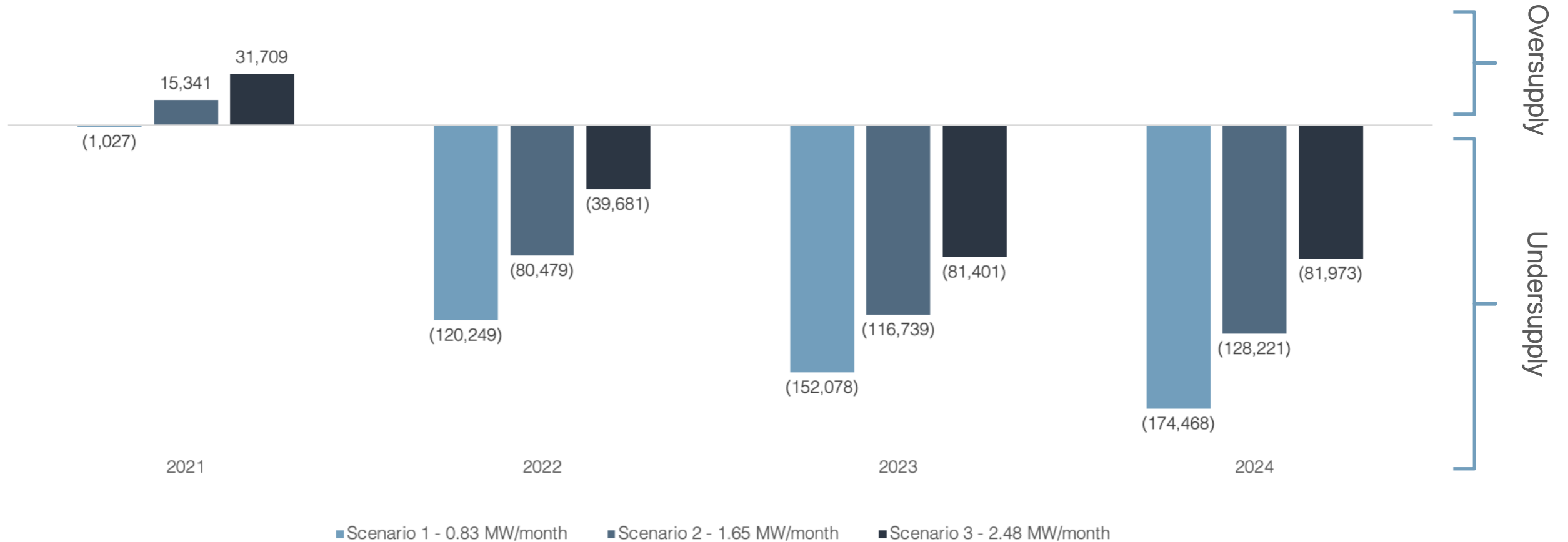
- DC Banked SRECs Available for Compliance: 2016 = **195**; 2017 = **260**; 2018 = **15,000**; 2019 = **73,458**
- 2020 SREC Production: **133,594**
- Est. ACP Payments: **32,796**
- Est. Compliance Obligation: **195,458**
- Oversupply: **59,846** (30.6% of obligation)

Factors that could impact this include:

- Final 2020 DC electric load figures
- Final 2020 DC SREC production
- Actual exempt load numbers for 2020



# FORECASTED SUPPLY : BUILD RATE SCENARIOS





# FORECASTED SUPPLY : BUILD RATE SCENARIO DETAIL



Compliance year	2021	2022	2023	2024
<b>Scenario 1 - 50% of LTM Average MW is Added Per Month Throughout the Forecast</b>				
DC SREC Requirements	231,108	273,612	316,350	349,650
<i>Less: Compliance met with old ACP</i>	29,365	-	-	-
Less: Excess SRECs From Prior Period	58,261	-	-	-
Less: Scenario 1 Estimated SRECs Produced	142,454	153,363	164,272	175,182
<b># of SRECs (Under) / Over Supplied</b>	(1,027)	(120,249)	(152,078)	(174,468)
<b>Scenario 2 - LTM Average MW is Added Per Month Throughout the Forecast</b>				
DC SREC Requirements	231,108	273,612	316,350	349,650
<i>Less: Compliance met with old ACP</i>	29,365	-	-	-
Less: Excess SRECs From Prior Period	61,110	15,341	-	-
Less: Scenario 2 Estimated SRECs Produced	155,974	177,792	199,611	221,429
<b># of SRECs (Under) / Over Supplied</b>	15,341	(80,479)	(116,739)	(128,221)
<b>Scenario 3 - 150% of LTM Average MW is Added Per Month Throughout the Forecast</b>				
DC SREC Requirements	231,108	273,612	316,350	349,650
<i>Less: Compliance met with old ACP</i>	29,365	-	-	-
Less: Excess SRECs From Prior Period	63,958	31,709	-	-
Less: Scenario 3 Estimated SRECs Produced	169,494	202,221	234,949	267,677
<b># of SRECs (Under) / Over Supplied</b>	31,709	(39,681)	(81,401)	(81,973)

# HISTORIC DC SREC PRICING



Current indicative markets: DC2020: \$430 @ \$445 / DC2021 \$430 @ \$450

■ DC2020 bid

