

Workshop Agenda

EDP Modifications, REC Tracking, & Unbundling in NYS

Workshop Date: July 14, 2005
Time: 10:30 a.m. to 5:00 p.m.
Location: NYS Nurses Association Conference Center,
11 Cornell Road, Latham, NY

Scope and Objectives:

NYSERDA, DPS, the NYISO, and stakeholders, will discuss issues regarding: potential modifications to the existing Environmental Disclosure Program (EDP); the possible development of an automated Renewable Energy Certificate (REC) registry/tracking system; and the unbundling of environmental attributes from energy.

Introduction & Opening Remarks (5 minutes)

NYSERDA & DPS

Part 1: Transition of the EDP

Part 1 will focus on how the current EDP system functions and whether it could be adjusted/designed to function in a more robust regional REC marketplace. Stakeholders will be asked to focus on how best to:

- (a) Facilitate communication/tracking between control areas/power markets (NEPOOL, PJM);
- (b) Support compliance with current and future policy initiatives (e.g., the RPS Program, Regional Greenhouse Gas Initiative, and green power marketing);
- (c) Provide cost-effective benefits to consumers;
- (d) Ensure accurate and timely disclosure for consumer education;
- (e) Support competitive markets in general (green power sales and REC trading);
- (f) Have a high level of support from consumers.

Three presentations will be made that address different aspects of these matters. Parties may ask clarifying questions during or at the end of each individual presentation and then will later be afforded time after the conclusion of the three presentations for a general discussion of the matters and issues presented.

Speaker # 1 **Department of Public Service Staff (DPS) - Overview of the Environmental Disclosure Program (EDP)**

Description of the current Environmental Disclosure Program (EDP) and recent modifications ordered by the Commission. (15 minutes, including time for responses to clarifying questions, if any, from the audience)

Speaker # 2: **Pat Stanton (Conservation Services Group) - Description of New England Power Pool REC Tracking System**

Description of the New England Generation Information System (NE-GIS) design criteria and working experience. Presentation of pros/cons of REC accounting system. How well does it accommodate various state policies? (15 minutes, including time for responses to clarifying questions, if any, from the audience)

Speaker # 3: **Robert Maddox (Sterling Planet) - Market User Issues with EDP**

Identification of the virtues and problems of the current New York State EDP system as compared with other systems in use or under development; Are there preferences between approaches? Is the current EDP system robust enough to support business practices? Identify any further changes that should be considered for the EDP? (15 minutes, including time for responses to clarifying questions, if any, from the audience)

EDP/REC Tracking System Discussion

General stakeholder discussion on the issues and the speakers' perspectives. (40 minutes)

Lunch (one hour)

Part 2: Unbundling and Development of Renewable Resources

Participants will be asked to discuss whether the unbundling of attributes from energy will facilitate the development of renewable projects. Participants will explore the ramifications of allowing physical bilateral arrangements for energy on various market stakeholders, including ratepayers and financial investors. The issue of how the developer/investor project risk could be reduced by allowing physical transactions will also be addressed.

- (a) Is "unbundling" necessary to reduce seams between neighboring control areas?
- (b) How does "unbundling" lower the cost of the RPS Program?
- (c) Does "unbundling" substantially lower the cost of renewable attributes?
- (d) Does unbundling create a consumer acceptance issues?
- (e) What effect does "unbundling" have on the voluntary green market?
- (f) Are financial hedges available in the market? Are there barriers to who can obtain financial hedges? Are financial hedges affordable to smaller projects?

Four presentations will be made that address different aspects of these matters. Parties may ask clarifying questions during or at the end of each individual presentation and then will later be afforded time after the conclusion of the four presentations for a general discussion of the matters and issues presented.

Speaker # 1: **Matt Williamson (Natsource) – Benefits and Drawbacks of Unbundling**

Discussion of the benefits, requirements & limitations of unbundling energy from attributes. Is unbundling necessary to accelerate market maturation, particularly from the perspective of an owner/broker of attributes? Would unbundling with the use of an attribute accounting system quicken the pace of competition? Could such a system lower ratepayer costs? (20 minutes, including time for responses to clarifying questions, if any, from the audience)

Speaker # 2: **(Constellation New Energy) - Use of Physical Renewable Energy Commodity Transactions**

Given the context of the RPS program eligibility requirements, what does allowing a physical bilateral energy commodity transaction accomplish that a financial-only transaction can not provide to market actors? Why is it important to allow both forms of transactions to occur? If the prohibition on physical bilateral contracts were to be lifted, what should the expectation be for cost impacts to ratepayers under the RPS program? (20 minutes, including time for responses to clarifying questions, if any, from the audience)

Speaker #3: **Carrie Plemons (PPM Energy) – A Developers Perspective on Physical Transactions**

What has been the experience with physical bilateral contracts? What is a typical duration of a contract in this market region? How valuable are they in securing financing? How much risk can be removed through the use of a physical, bilateral contract vs. a financial hedge transaction? What risks remain with the developer even after securing a bilateral contract? (20 minutes, including time for responses to clarifying questions, if any, from the audience)

Speaker # 4: **Steve Vavrik (UPC Wind Partners) - A Developers Perspective on Physical Transactions**

What has been the experience with physical bilateral contracts? What is a typical duration of a contract in this market region? How valuable are they in securing financing? How much risk can be removed through the use of a physical, bilateral contract vs. a financial hedge transaction? What risks remain with the developer even after securing a bilateral contract? (20 minutes, including time for responses to clarifying questions, if any, from the audience)

Break (20 minutes)

Discussion (60 minutes):

Stakeholder discussion on the issues and the speaker perspectives. Seek to identify all critical impacts of unbundling RECs from energy.