



# Benefits of unbundling

Matt Williamson  
Natsource LLC  
July 2005

Some new thinking from Natsource:  
More growth, less pollution.



# Case Study

- Landfill gas facility flaring excess
- Desire to expand generation cap.
- Existing power offtake contract



# Limited options for RE Offtake

1. All power + RECs to existing power offtaker
  2. Incremental power + RECs to new offtaker
  3. Incremental power to existing offtaker and RECs to new offtaker
- Problem: Existing contract language precludes sale of incremental power to new party. So, bundling precludes 2 or 3.





# Third party “REC” purchase

- NYSERDA shouldn't be only offtake
  - Particular structure won't fit all needs
  - Voluntary purchasers
- Third party will want option to sell many places
  - Obligation to have bundle limits this



# Problems intro'd by bundling

- Counterparties limited to power marketers and NYSERDA
- Binds RECs to transact as power despite different characteristics
- Restricts liquidity



# Differentiated Off-take Example

- Biomass facility retrofit
- Spotty operating history
- Offtake contracts arranged as follows:

|                        | Year 1           | Year 2           | Year 3           | Year 4           |
|------------------------|------------------|------------------|------------------|------------------|
| Power/Capacity         | Monthly Schedule | Monthly Schedule | Monthly Schedule | Monthly Schedule |
| REC Offtake            |                  |                  |                  |                  |
| 1 <sup>st</sup> 50,000 | Party A          | Party A          | Party A          | Party D          |
| 2 <sup>nd</sup> 50,000 | Party B          | Party A          | Party A          | Party D          |
| 3 <sup>rd</sup> 50,000 | Party C          | Party B          | Party A          | Party D          |



# With unbundled RECs

- More potential counterparties
- More appropriate transaction structures
- Wider understanding
- Regional compatibility
- Higher liquidity



# For More Information...

Matt Williamson  
Director of Renewable Energy  
Natsource LLC  
100 William St., Suite 2005  
New York, NY 10038

Email: [mwilliamson@natsource.com](mailto:mwilliamson@natsource.com)  
Tel: (212) 232-5305  
Fax: (212) 232-5353  
Web: [www.natsource.com](http://www.natsource.com)

Some new thinking from Natsource:  
More growth, less pollution.

