



# NJ Clean Energy Conference

**Business and Investment Opportunities in  
PJM and Beyond**

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*Evolution Markets Inc.*

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# Evolution Markets Overview



***Evolution Markets is the  
Intersection of Environment, Energy, and Finance™***

**Complete Financial Services for Green Markets and Clean Energy Sector**

Market Execution Services

Structured Transactions

Merchant Banking

**World's Largest Environmental Brokerage**

More than 80 Professionals Worldwide

More than \$50 billion in Transactions

**Global Offices in New York – London – San Francisco – Buenos Aires**

# Evolution Markets Commitment to Renewable Markets



RECs brokerage since 2002

REC brokerage, green power contracts, financial services

Compliance RECs (Northeast/Texas) from New York

Voluntary RECs (Nationwide) and Western Compliance RECs from San Francisco

Market's only Green-e approved broker

Market's most honored brokerage



*Environmental Finance Magazine* Customer Survey  
Best Renewables Broker-North America  
(2007, 2006, 2005, 2004, 2003)



RISK MANAGEMENT • TRADING • FINANCE

**energy risk**

*Energy Risk* Annual Rankings  
Best Broker-North America Environmental Markets  
(2006, 2004)



**Energy Business**

Silver Award Winner 2005  
Renewable Energy

 *The Intersection of Environment,  
Energy and Finance.*

# The Markets We Serve



- **Environmental Markets**

- Renewable Energy Credits
- GHG Credits/Allowances
- SO<sub>2</sub> Emissions Allowances
- NO<sub>x</sub> Emissions Allowances
- Emissions Reduction Credits
- Houston/Galveston NO<sub>x</sub> Allowances
- RECLAIM (Los Angeles NO<sub>x</sub> and SO<sub>x</sub>)
- Weather Derivatives

- **Energy Markets**

- OTC Physical Coal
- OTC Coal Derivatives
- Green Power
- Natural Gas
- Nuclear Fuels

# New England REC markets



- **Significant volatility in the marketplace driven by regulatory uncertainty**
  - MA and CT REC pricing down 30-50%
    - Green Communities Act
    - New supply (Imports and Biomass upgrades)
- **NH, ME, and RI RPS's are ramping up, creating more demand in market in the coming years**
- **Credit concerns are creating difficulty in long term market**

# Midwest REC markets



- **Creation of M-RETS leads to transparency in MISO markets**
- **New RPS's are affecting overall PJM supply in other markets**
- **IL met RY2009 RPS requirement with one year contracts; longer term deals are under consideration**
  - Long term IL deals represent an opportunity for projects developers in Illinois and adjacent states
  - No OTC REC market, however: obligations are met through a governments body called the Illinois Power Agency
  - RPS favors wind resources
- **Ohio RPS begins in 2009 and will allow eligible facilities in PJM-GATS and M-RETS to sell RECs with a carve out for in-state resources**
- **Michigan RPS begins in 2012 with a 2%**

# Western REC markets



- **Western REC markets have largely been voluntary to date but are rapidly shifting to compliance markets**
  - Most rules have been in place for some time, supply and liquidity are currently limited but increasing rapidly
- **California, Washington, and Oregon lead the way**
  - California continues to be the main driver of pricing
  - California delivery rules (unbundled RECs?) expected to become certain in the next 6 months
- **WREGIS**
  - Tracking and transfer system infrastructure up and running and required
- **Overlap between markets drives risks/opportunities**

# National Voluntary Markets and TX



- **Green-e REC sales up from 8.8m in 2006 to 15m in 2007**
  - Private sector took new initiatives to ‘green-up’ power use
- **RECs largely originating from wind projects in TX and Midwest**
  - Over 20 new wind projects under construction in TX
- **Economic downturn has slowed demand for voluntary REC transactions**
  - Green-e TX REC prices currently down 30-50% from Spring 2008
- **Recent PTC extension renews long term confidence, but current economy could hinder development**



# Voted Top Renewables Broker – North America

*12/07 Environmental Finance Customer Survey*

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