



MSEIA SUPPLY / DEMAND MODEL: IMPLICATIONS FOR SOLAR DEVELOPMENT VOLATILITY

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MSEIA SUPPLY / DEMAND MODEL

- **Published on MSEIA website in the public area as a functional spreadsheet.**
- **Calculates monthly and yearly SREC production, and compares with the S1925 demand curve to calculate under or oversupply for each energy year, and carryover.**
- **Designed for user input of all important assumptions.**



MSEIA SUPPLY / DEMAND MODEL

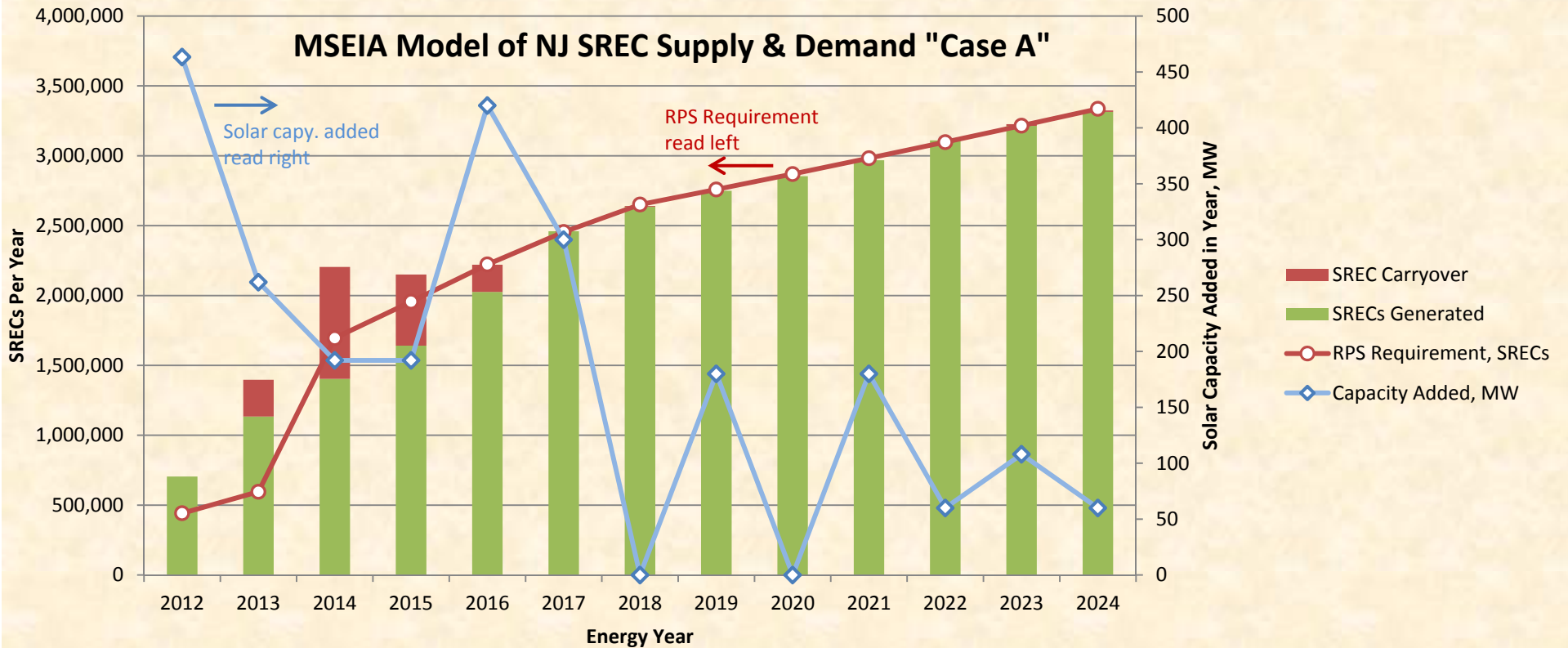
- **Here two scenarios are presented.**
- **They are not intended to be predictions, but rather to illustrate the market results for certain “boundary conditions”.**



SREC SUPPLY AND DEMAND OUTLOOK

Scenario "A"

If solar development for each year is held to the rate that keeps RPS demand and supply in balance from 2016 onward



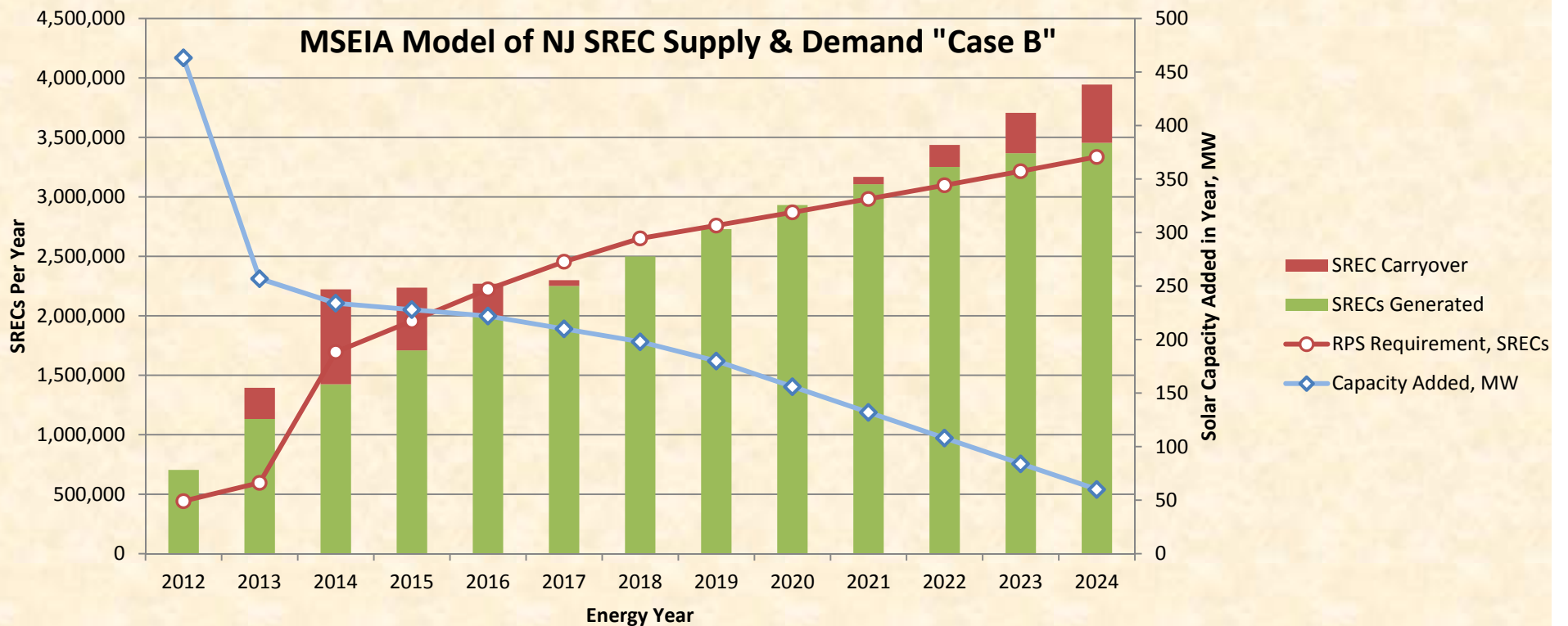
Conclusions:

- In order for SREC supply and demand to be in balance (EY2016 onward), extreme swings in solar development are necessary:

HIGH SOLAR DEVELOPMENT VOLATILITY

SREC SUPPLY AND DEMAND OUTLOOK Scenario "B"

If the solar development rate is held to a smooth curve year to year



Conclusions:

- This scenario can be seen as the reverse of Scenario “A”; if solar development is not highly volatile, then the SREC market swings between undersupply and oversupply.

HIGH MARKET VOLATILITY

Conclusions:

- **Seen as a “smoothed curve”, the solar industry trend is strongly downward from now through the end of the RPS.**



Interpretation:

The current market structure inherently produces volatility.