



Washington D.C. SREC Market Update

November 17, 2020

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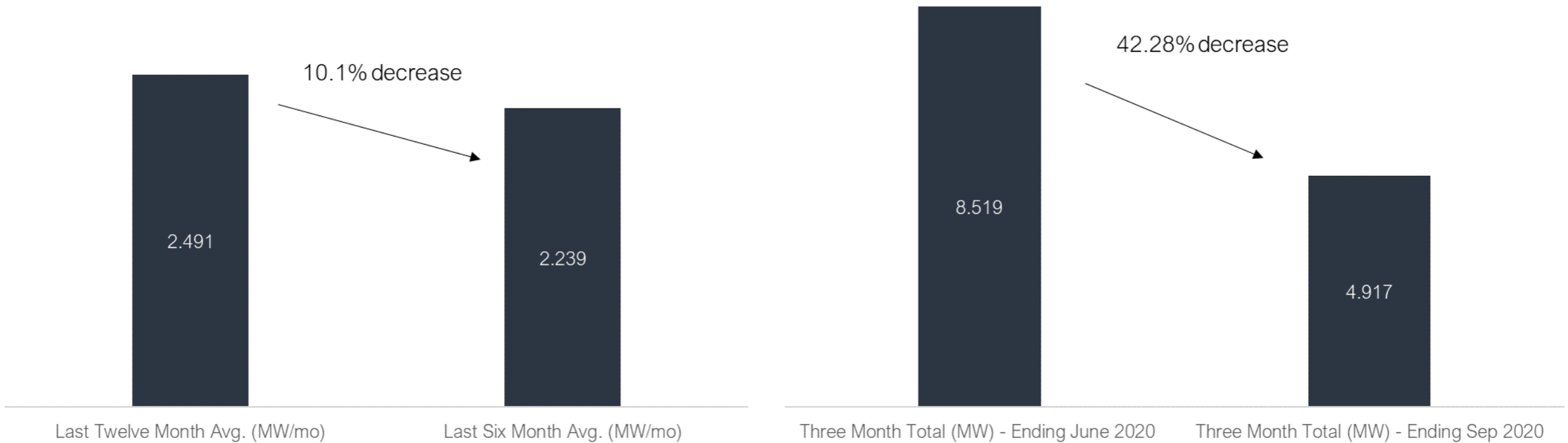
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# DC SOLAR BUILD RATES



Total installed capacity as of September 30, 2020 is 142.09 MW. Monthly build over the last six months decreased to 2.239 MW/month as compared to 2.491 MW/month over the last twelve-months (LTM). Total quarterly MW build for the three months ending in Sep 2020 was 42.28% lower than the three months prior.



Source: GATS. Last twelve month and last six-month averages use data through September 2020, taken from GATS on 11/10/2020.

# 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	3,745,819	33.8%
2020	2,111,017	18.7%
2021	1,433,647	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 with 2020 being the exception. 2020 forecasted to be 93% of 2019 MWh sold ~ 10.3 million, due to COVID-related electricity sales decline. (Source: [DC PSC RPS Report for Compliance Year 2019](#))
- Capacity data sourced from GATS on November 10, 2020. Data is only utilized through September 2020 due to systems receiving interconnection approval in October but not yet being registered with GATS.
- Grandfathered load in 2020-2023 follows the breakdown outlined in slide 5. The analysis assumes after energy year 2021 the grandfathered load exempt from the Clean Energy Act will roll off in two years.
- Scenarios presented are derived from Last Twelve Month (LTM) average build rates per month (Oct 2019 – Sep 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



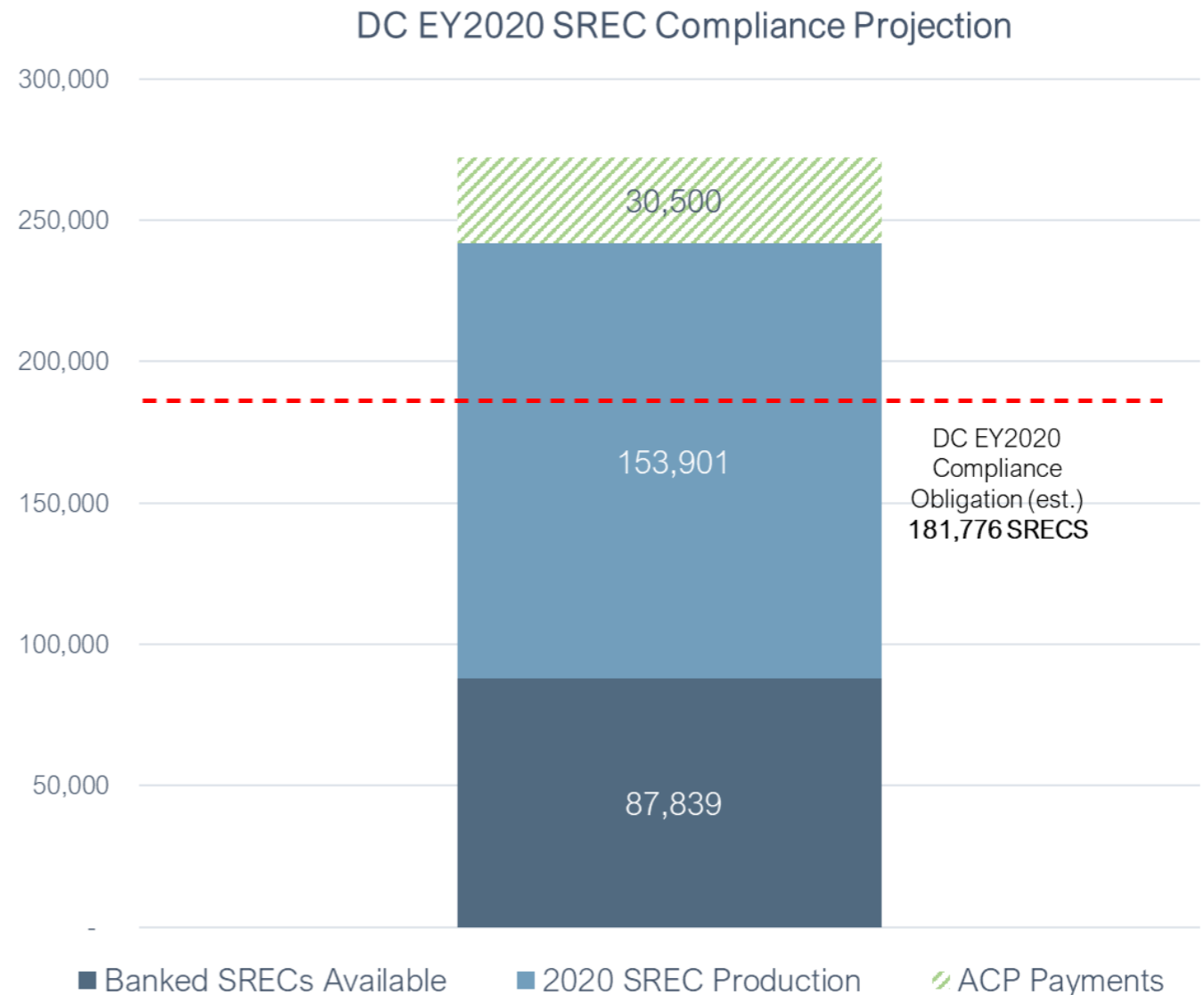
Using GATS recent issuance data as of Nov 2020 and LTM average build rates.

## 2020 Supply and Demand Summary

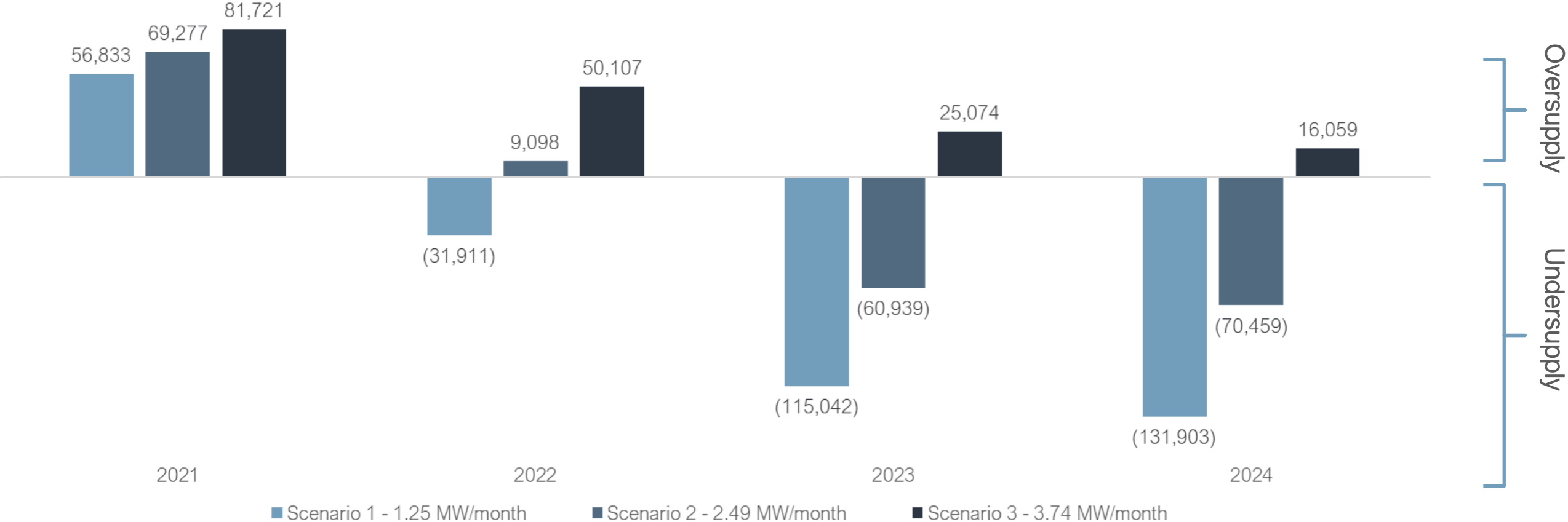
- DC Banked SRECs Available for Compliance: 2016 = **204**; 2017 = **269**; 2018 = **14,945**; 2019 = **72,421**
- 2020 SREC Production: **153,901**
- Est. ACP Payments: **30,500**
- Est. Compliance Obligation: **181,776**
- Oversupply: **90,465** (49.8% of obligation)

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



Source: PJM GATS and SRECTrade Estimates.



# 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	90,147	56,833	-	-
Less: Scenario 1 Estimated SRECs Produced	168,429	184,868	201,308	217,747
<b># of SRECs (Under) / Over Supplied</b>	56,833	(31,911)	(115,042)	(131,903)
<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	90,465	69,277	9,098	-
Less: Scenario 2 Estimated SRECs Produced	180,554	213,433	246,312	279,191
<b># of SRECs (Under) / Over Supplied</b>	69,277	9,098	(60,939)	(70,459)
<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	90,783	81,721	50,107	25,074
Less: Scenario 3 Estimated SRECs Produced	192,680	241,998	291,317	340,635
<b># of SRECs (Under) / Over Supplied</b>	81,721	50,107	25,074	16,059

# HISTORIC DC SREC PRICING



Current indicative markets: DC2020: \$435 @ \$445 / DC2021 \$425 @ \$445

■ DC2020 bid

