EDF renewable energy

KNOCKING ON THE UTILITY DOOR

Finding the Collaboration Path to a Win-Win-Win

ELECTRIC UTILITY PARTNERSHIPS

The electric energy world is seeing transformation on multiple fronts. Not only are regions experiencing more and more renewables being added to the grid, but a significant percentage of these additions are also the outcome of corporate buyers adding renewables to their energy procurement portfolio.

To date, many corporate buyers have entered into either physical or financial contracts partnering with a renewable energy developer or navigating the market with an outright purchase of a renewable energy facility. Is there a missing piece that can benefit all three parties – utilities, corporates and renewable energy developers alike?

Let's explore this three-tiered collaboration concept through four simple questions...

1 What are the benefits of collaborating with the electric utility?

It starts with knocking on the door and exploring the needs of both the corporate customer and of the utility...

Partnering with a utility on renewable energy can have multiple benefits. It starts with knocking on the door and exploring the needs of both the corporate customer and of the utility (Investor Owned Utility, Cooperative, Municipal, or Agency). Each corporate customer and utility will be unique in what one desires, and in what the other can offer. Some regions rich in solar resources can seek to partner on solar transactions, while regions rich in wind resources can seek to partner on wind transactions. Regions not rich in either resource are challenged to think 'outside the box' – the generation resource box to meet needs. From a high level the benefits of collaborating with an electric utility can mean any of the following: simpler transactions; ease of adding 'new' renewable generation to the current grid mix; transparent and predictable contract terms; aggregation of load that leads to lower pricing; simplicity of adding Renewable Energy Credits (RECs) to one's account in a manner that allows creditable claims of green power use; and reduced switching costs.

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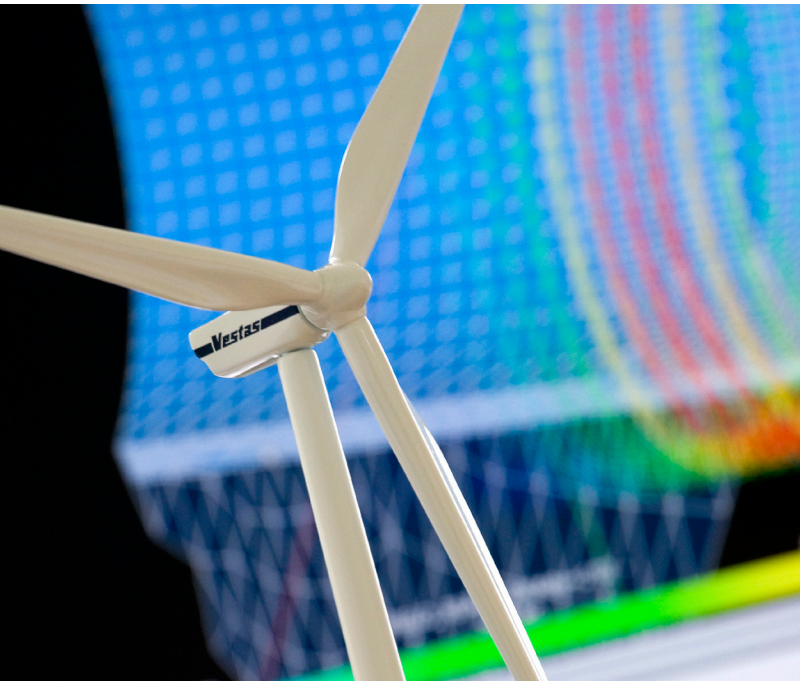
2 What are the challenges of collaborating with the electric utility?

Electric utilities have different business models. Whether regulated or unregulated, owned by shareholders or cooperative members, or governed by the city council, PUCs, or PCs, each are providing services within different business environments. It is in this diverse set of business models that, with creative thinking, solutions may emerge that balance the needs of the corporate customer, the utility, and the renewable energy developer.

Challenges that utilities face are providing new economical renewable energy resources for that specific corporate request, in a fair, transparent, and equitable manner so the other customers within the utility are not harmed. Challenges corporate customers face are tapping into low fixed price contracts over long term periods resulting in a hedge against their future energy costs, while minimizing exposure to commodity, shape, basis and other risks.

Currently the market is seeing utility-linked products; green tariffs, market based rates, community solar, green source riders, agreements with renewable energy options, as well as utility services and procurement products (solar loan programs, renewable energy growth programs). As with any emerging market products, these products continue to evolve.



> ...providing new economical renewable energy resources... in a fair, transparent, and equitable manner...

3 What are the pitfalls of collaborating with the electric utility?

...the lowest priced renewable energy PPA offers limited protection on certain risks...

The corporate buyer may not secure the lowest available renewable energy price if one collaborates with the electric utility. Generally speaking, the lowest priced renewable energy PPA offers limited protection on certain risks, and may also lead to increased management costs. The utility may be able to offer a product that caps that risk, which will cost more than the pure busbar or hub pricing, but offers protection against changes in the market energy pricing. The utility can also reduce or eliminate some of the management costs incurred when a corporate buyer decides to go it alone.

4 What are the sustainability benefits of collaborating with the electric utility?

Corporates appreciate being recognized by the public, most importantly by their customers, for being environmentally responsible. At the same time, corporates desire to manage their capital efficiently by investing in their core business and leaving the renewable energy investments to the electric utility or renewable energy developer. Utilities desire to either own or purchase renewable energy, bringing this resource into their generation portfolio. Renewable energy developers desire to develop, build, and transfer or operate renewable energy projects. Collaboration between the three entities – corporates, utilities, and renewable energy developers – maximizes the strengths of all parties.

When one can maximize the strength of all parties, minimize risk, benefit the environment, bolster businesses, and protect our future generations, one has honorably found the collaboration path to the win-win-win.

> ...Collaboration between the three entities – corporates, utilities, and renewable energy developers – maximizes the strengths of all parties...

This piece was written by Joni Hamson, Director of Origination, and EDF Renewable Energy.

Joni brings over 30 years of experience in the electric energy industry. Joni started as an electrical engineer working for Minnesota Power in the late 80s and entered the wholesale marketing and trading world in the 90s. Today, Joni originates long term renewable energy transactions to meet the needs of the regulated, unregulated, and corporate markets. Her focus is to bring value to both sides of the supplier-customer equation with renewable energy generation and market portfolios. Joni has held the Chair and President, Vice Chair and Vice President of the North American Energy Markets Association (NAEMA) and is currently serving as the Treasurer. She also participates on the Energy Tariff Committee. Joni has a B.S. in Electrical and Electronics Engineering degree from North Dakota State University. Joni and her husband Randy are empty nesters and live in Cushing, Minnesota.

ABOUT EDF RENEWABLE ENERGY

EDF Renewable Energy is a leading U.S. independent power producer with over 30 years of expertise in the renewable energy industry, offering the complete range of services from project origination, development, sales and marketing, and long-term asset operations and management. EDF Renewable Energy specializes in wind and solar photovoltaic with a presence in other segments of the renewable energy market, including storage, biogas, biomass, hydro, and marine energy. EDF Renewable Energy's North American portfolio consists of 9 gigawatts of developed projects throughout the U.S., Canada, and Mexico, including several project partnerships with Fortune 500 companies such as Microsoft, Walmart, Procter & Gamble, Google, Yahoo, and Salesforce. The operations and mainte-nance subsidiary, EDF Renewable Services, operates 10 GW of renewable energy projects throughout North America. EDF Renewable Energy is a subsidiary of EDF Energies Nouvelles. EDF Energies Nouvelles is the renewable energy arm of the EDF group, the leading electricity company in the world.

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