



4 IMPORTANT THINGS TO KNOW ABOUT SRECS

#1. INTRO



All over the United States (and the world) governments are beginning to require utilities to increasingly generate electricity from renewable energy sources. One common way to hold power companies accountable is by creating renewable energy targets that increase each year, attached with fines (compliance payments) if they fail to achieve these targets. They can generate their own renewable energy or they can purchase RECs (renewable energy certificates) from people and businesses that generate clean energy within their jurisdictions. Otherwise, they are stuck paying hefty fines.

#2. DEFINITIONS

Solar Carve-Out

Some local jurisdictions mandate that a certain percentage of the electricity supply must come from solar. Over time, this solar percentage is expected to increase year over year to require more solar to be deployed.



Solar Alternative Compliance Payment (SACP)

A fine that utility companies must pay for every 1000 kWhs of electricity that they fail to generate from solar, up to the % required in that year.



Solar Renewable Energy Certificates (SRECs)

A certificate indicating the right to a monetary incentive paid to the owner of a solar array for every 1000 kWhs of electricity that their system generates, received after each 1000 kWhs is produced. They are bought by the utility company to avoid paying the fine (SACP).



#3. GENERAL SREC RULES

You can think of the SACP as the upper limit on the value of an SREC because the utility company will never pay more to offset the fine than the fine itself.

If there is more solar produced in a market than the “solar carve out” we get what is called an oversupplied market and SREC values drop further away from the SACP amount (maximum).



If there is less solar produced in a market than the “solar carve out” we get what is called an undersupplied market and SREC value increases closer to the SACP amount.

#4 SRECS IN WASHINGTON, DC



Washington DC has the highest value SRECs in the country, generating an average of \$3500/year for our customers.

Solar production for the city peaks in May, prior to air conditioning demand increasing which temporarily can create an oversupplied market.

Also, Pepco’s compliance year changes over in April. This means they have a new 12 month period to acquire enough SRECs ahead of the following year's compliance period. This leverage allows Pepco to negotiate lower pricing in order to get them to buy in the early stages in the compliance year.

For these 2 reasons, we often see SREC values drop in Washington, DC May-July and increase throughout the year up until March-April.

The City Council is reviewing a plan that would increase SREC values and help alleviate this drop-off every spring/early summer.

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CAN EARN FROM SRECS**

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