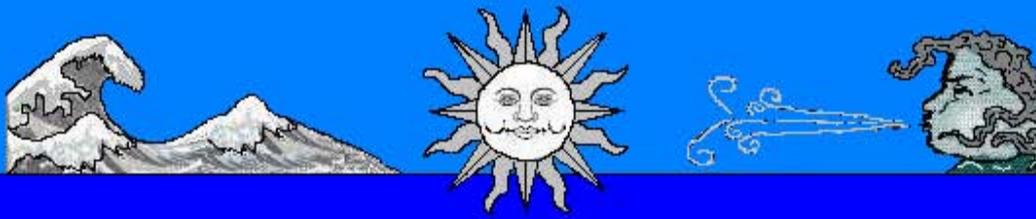


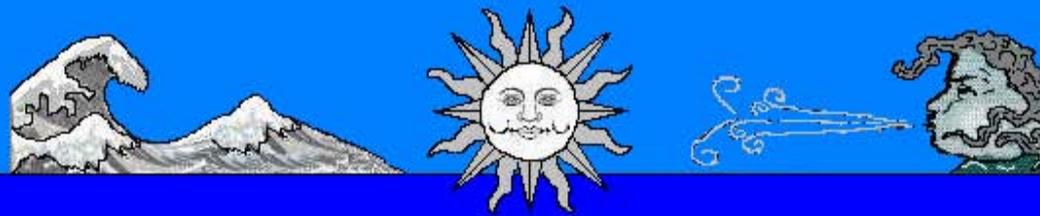
Contract for Differences (CFD)

Simple Example



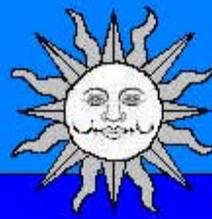
Base Assumption:

Project Developer needs an average
\$75/MWh
in revenues to make a reasonable
profit and to attract financing



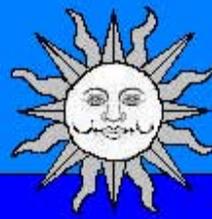
Fixed-Price RPS Contract

	<u>\$/MWh</u>
Spot Market Revenue:	\$60
<u>RPS Premium:</u>	<u>??</u>
Total Needed:	\$75



Fixed-Price RPS Contract

	<u>\$/MWh</u>
Spot Market Revenue:	\$60
<u>RPS Premium:</u>	<u>\$15</u>
Total Needed:	\$75



Fixed-Price RPS Contract

\$/MWh

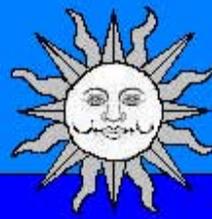
Spot Market Revenue: \$60

RPS Premium: \$15

Total Paid by Customers: \$75

Total Needed: \$75

Difference: \$0



Fixed-Price RPS Contract

	<u>\$/MWh</u>	<u>\$/MWh</u>
Spot Market Revenue:	\$60	\$70
<u>RPS Premium:</u>	<u>\$15</u>	<u>\$15</u>
Total Paid by Customers:	\$75	\$85
<u>Total Needed:</u>	<u>\$75</u>	<u>\$75</u>
Difference:	\$0	+\$10



Fixed-Price RPS Contract

	<u>\$/MWh</u>	<u>\$/MWh</u>	<u>\$/MWh</u>
Spot Market Revenue:	\$60	\$70	\$50
<u>RPS Premium:</u>	<u>\$15</u>	<u>\$15</u>	<u>\$15</u>
Total Paid by Customers:	\$75	\$85	\$65
<u>Total Needed:</u>	<u>\$75</u>	<u>\$75</u>	<u>\$75</u>
Difference:	\$0	+\$10	-\$10



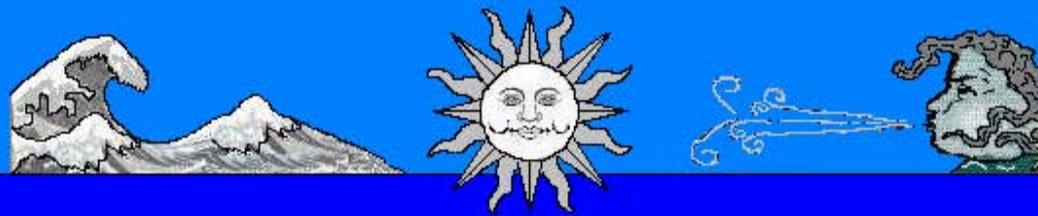
Fixed-Price RPS Contract w/Market CFD

	<u>\$/MWh</u>
Spot Market Revenue:	\$60
Market CFD Costs	-\$3
<u>RPS Premium:</u>	<u>??</u>
Total Needed:	\$75



Fixed-Price RPS Contract w/Market CFD

	<u>\$/MWh</u>
Spot Market Revenue:	\$60
Market CFD Costs	-\$3
<u>RPS Premium:</u>	<u>\$18</u>
Total Needed:	\$75

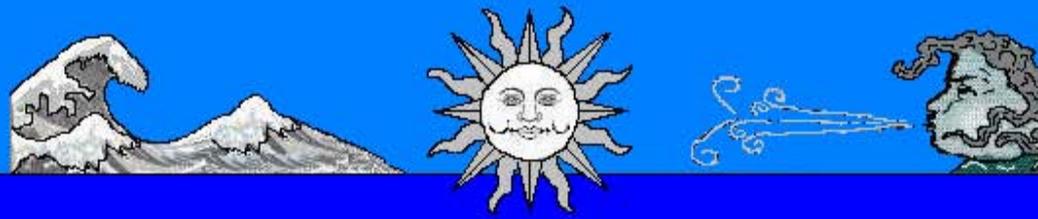


Variable-Price RPS Contract for Differences

“Strike Price” \$75

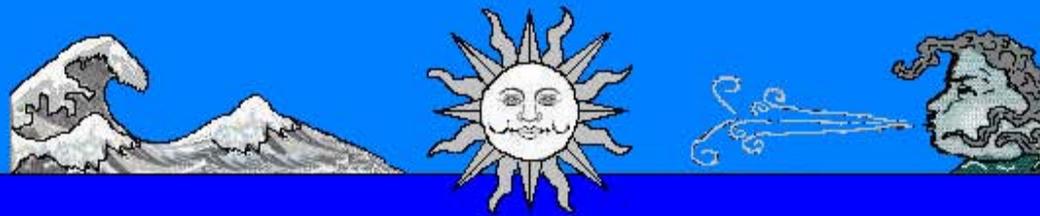
minus Spot Market Revenue -\$60

equals RPS Premium \$15



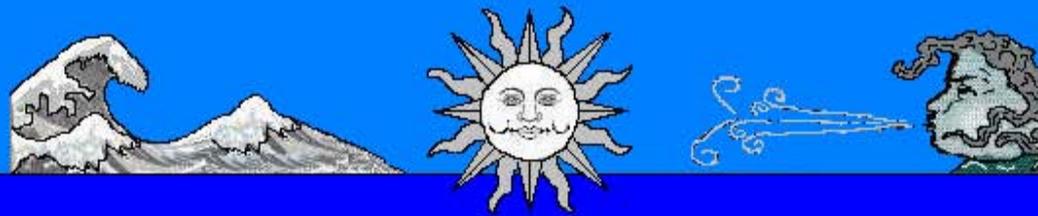
Variable-Price RPS Contract for Differences

	<u>\$/MWh</u>	<u>\$/MWh</u>	<u>\$/MWh</u>
Spot Market Revenue:	\$60	\$70	\$50
<u>RPS Premium:</u>	<u>\$15</u>	<u>??</u>	<u>??</u>
Total Paid by Customers:	\$75	\$75	\$75
<u>Total Needed:</u>	<u>\$75</u>	<u>\$75</u>	<u>\$75</u>
Difference:	\$0	\$0	\$0



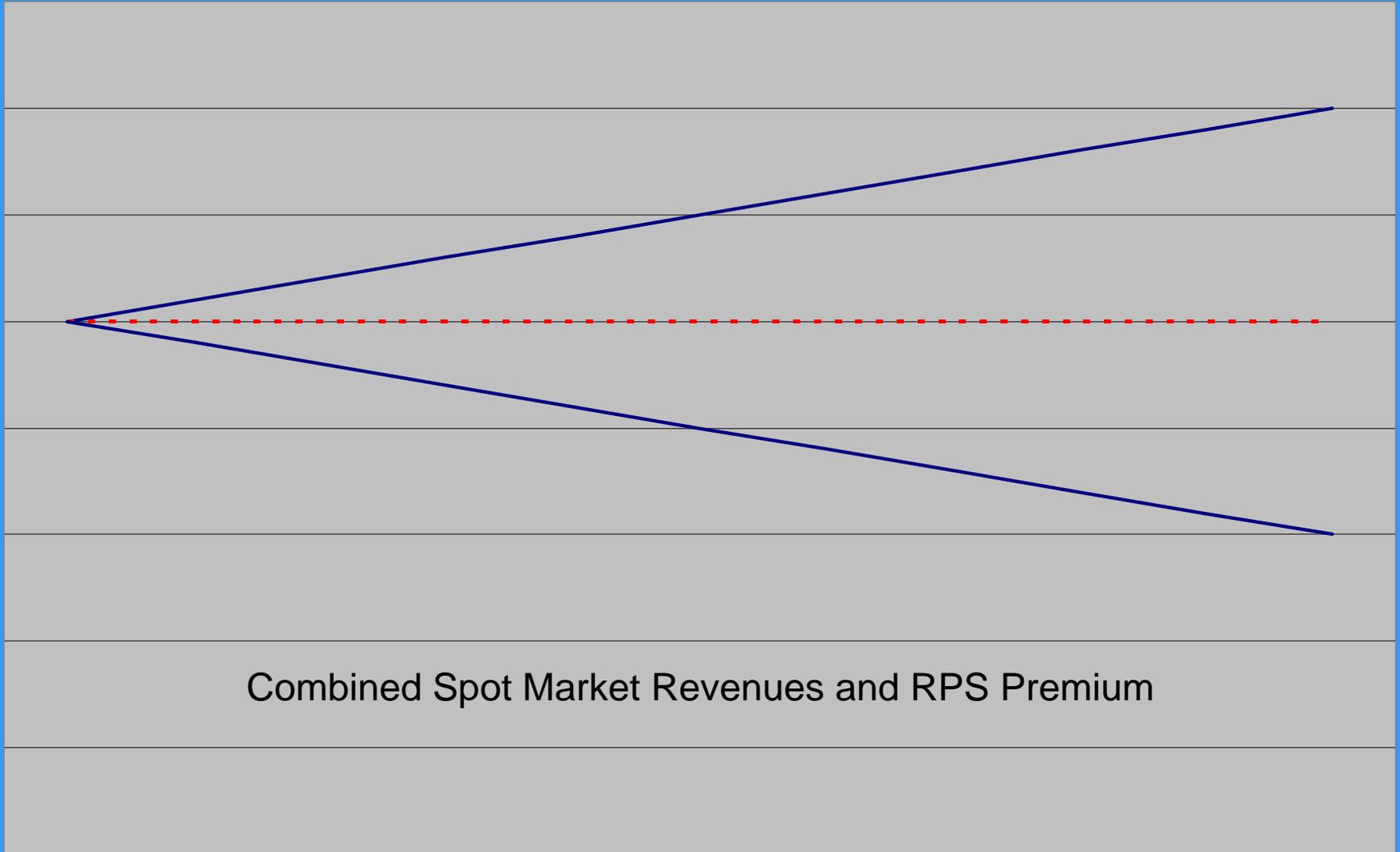
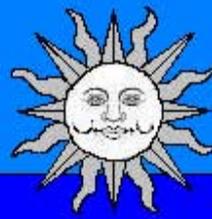
Variable-Price RPS Contract for Differences

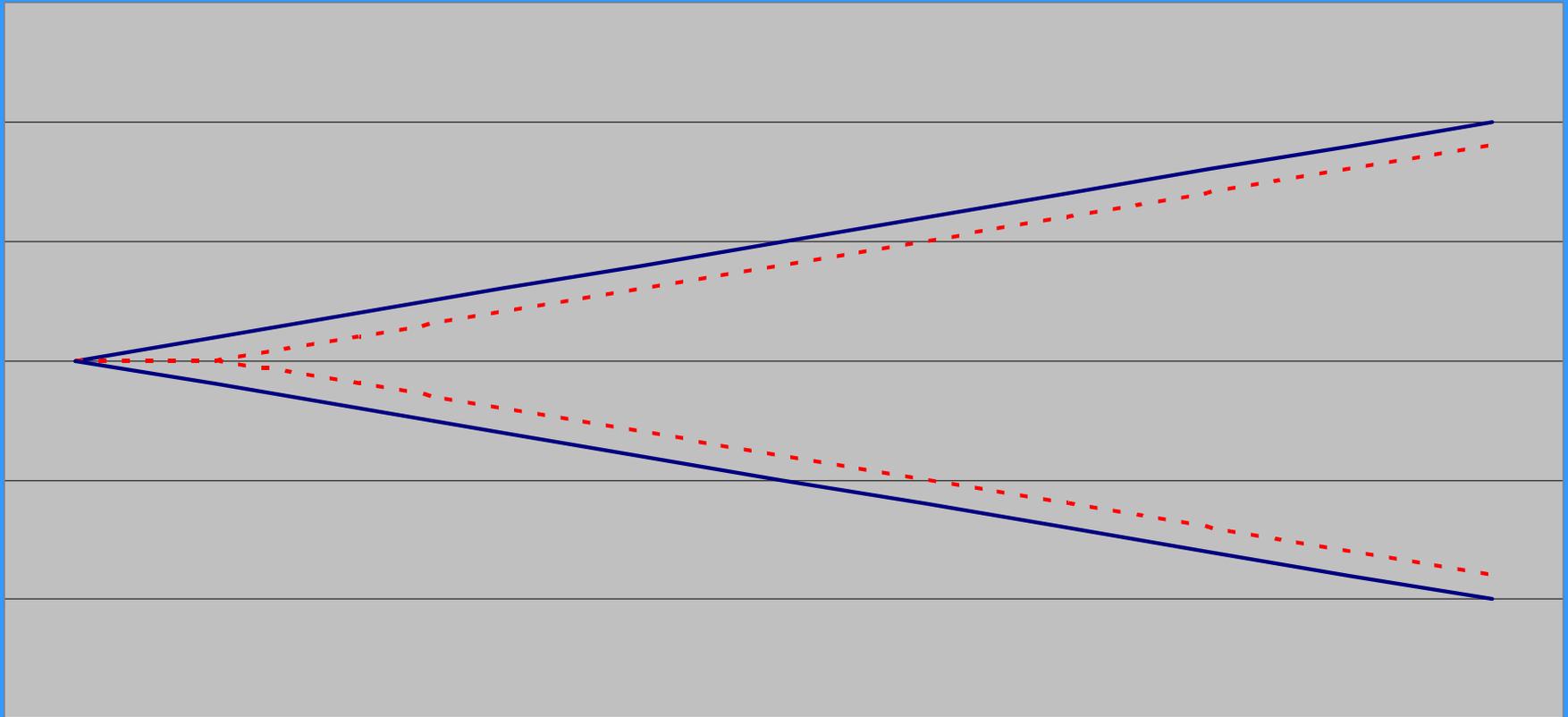
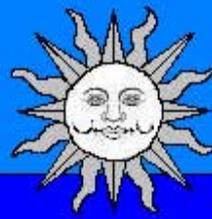
	<u>\$/MWh</u>	<u>\$/MWh</u>	<u>\$/MWh</u>
Spot Market Revenue:	\$60	\$70	\$50
<u>RPS Premium:</u>	<u>\$15</u>	<u>\$5</u>	<u>??</u>
Total Paid by Customers:	\$75	\$75	\$75
<u>Total Needed:</u>	<u>\$75</u>	<u>\$75</u>	<u>\$75</u>
Difference:	\$0	\$0	\$0



Variable-Price RPS Contract for Differences

	<u>\$/MWh</u>	<u>\$/MWh</u>	<u>\$/MWh</u>
Spot Market Revenue:	\$60	\$70	\$50
<u>RPS Premium:</u>	<u>\$15</u>	<u>\$5</u>	<u>\$25</u>
Total Paid by Customers:	\$75	\$75	\$75
<u>Total Needed:</u>	<u>\$75</u>	<u>\$75</u>	<u>\$75</u>
Difference:	\$0	\$0	\$0





Entire Portfolio of All Electricity Purchases and RPS Premiums



The End

