



For Immediate Release

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Class I REC prices for Connecticut/Massachusetts potentially negatively affected by wind entry, according to London Economics International model

BOSTON, January 19, 2009 - London Economics International LLC (LEI) forecasts for the Massachusetts and Connecticut Class I renewable energy credits (RECs), where the prices are among highest in the US, suggest prices as low as \$12/MWh and as high as \$59/MWh. Prices vary depending on entry sensitivity scenarios over the next five years. Entry of Cape Wind (462 MW) has a significant impact on REC prices upon entry and thereafter in New England. LEI's recently introduced RECalc model provides forecasts of REC prices for various North American markets, based on fundamental economic analysis of renewable entry costs and REC supply and demand.

"REC prices are very sensitive to changes in supply, particularly the eligibility of new renewable entries," noted Keiko Nomura, a senior consultant at LEI. "Additional renewable entry, coupled with lower demand for electricity, can depress REC prices for several years." RECalc is specifically designed for compliance REC markets, and is available for sale to clients, or can be used by LEI to provide clients with a variety of long term REC forecasts. LEI created the model based on supply and demand dynamics, taking variables such as new entry, demand growth, fuel prices, and ISO market rules into account. The model also addresses the implications that market changes will have on REC prices in the near term. Nomura notes that the model can be applied to any REC or similar environmental attribute market, anywhere in the world.

Clients have used RECalc in evaluated potential renewable generation acquisitions, assessing potential for export pricing, and assessing the potential for evolution of REC rules. The model can be used to examine the interplay between alternative funding sources, such as carbon offsets and RECs. It can also be used to examine the implications of various renewable energy incentives on REC prices, such as exploring the impact of tax credits on REC pricing.

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London Economics International LLC (LEI) is a global economic, financial, and strategic advisory professional services firm specializing in energy and infrastructure. The firm combines detailed understanding of specific network and commodity industries, such as electricity generation and distribution, water and wastewater provision, and natural gas distribution, with a suite of proprietary quantitative models to produce reliable and comprehensible results. For further information on LEI, please contact Keiko Nomura at (617) 933-7200 or go to www.londoneconomics.com.

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