

Market Trends for Clean Energy Deployment and New Generation

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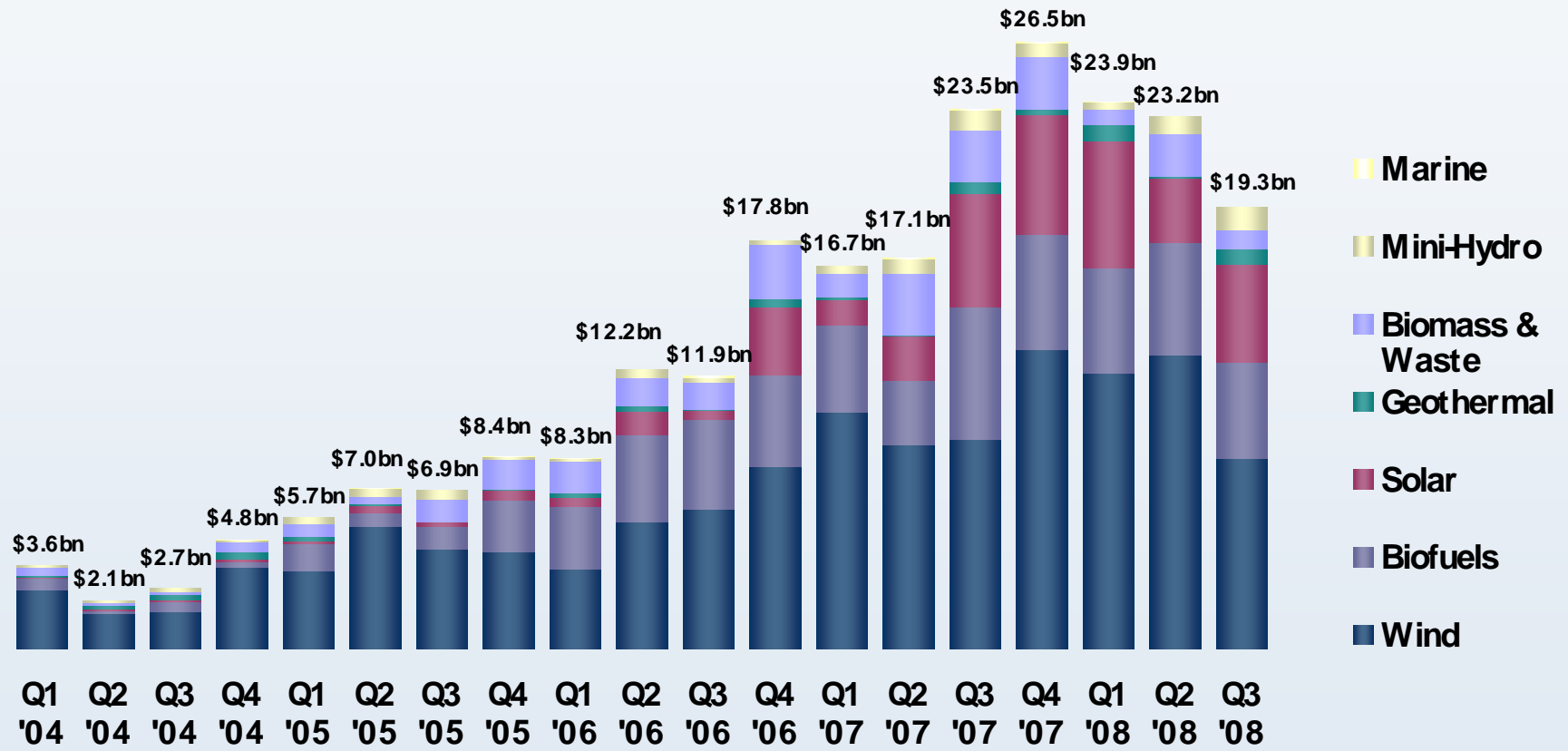
EU Emissions Trading Scheme

Global/Kyoto Market (CDM/JI)

Australian Carbon Market (AETS)



Globally: asset financing of new renewable energy capacity will continue its decline well into 2009

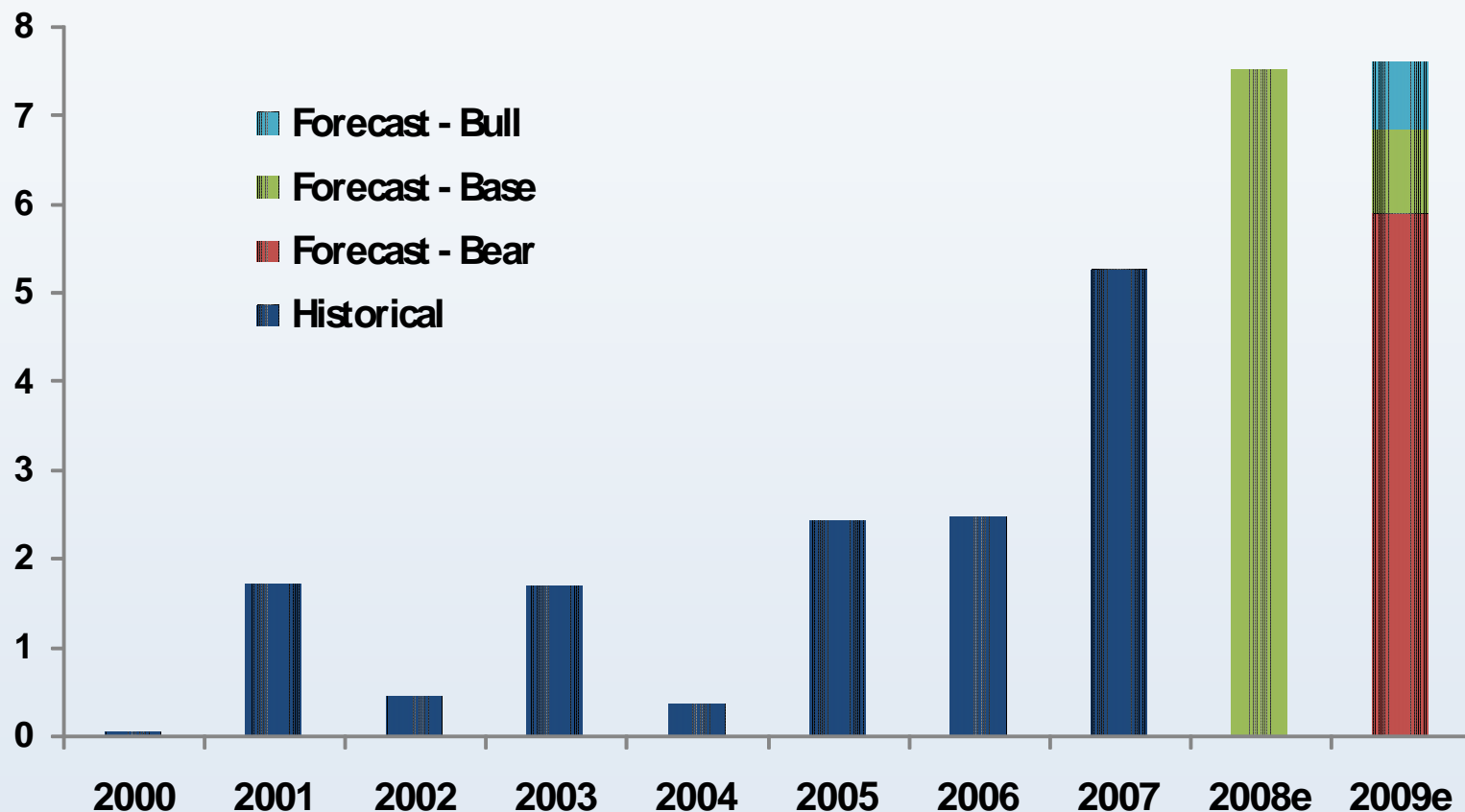


Notes: Grossed up values based on disclosed deals.

Source: New Energy Finance

Wind: annual capacity additions in the USA (in GW).

Bearish = 25% decline, Base = 12.5% decline

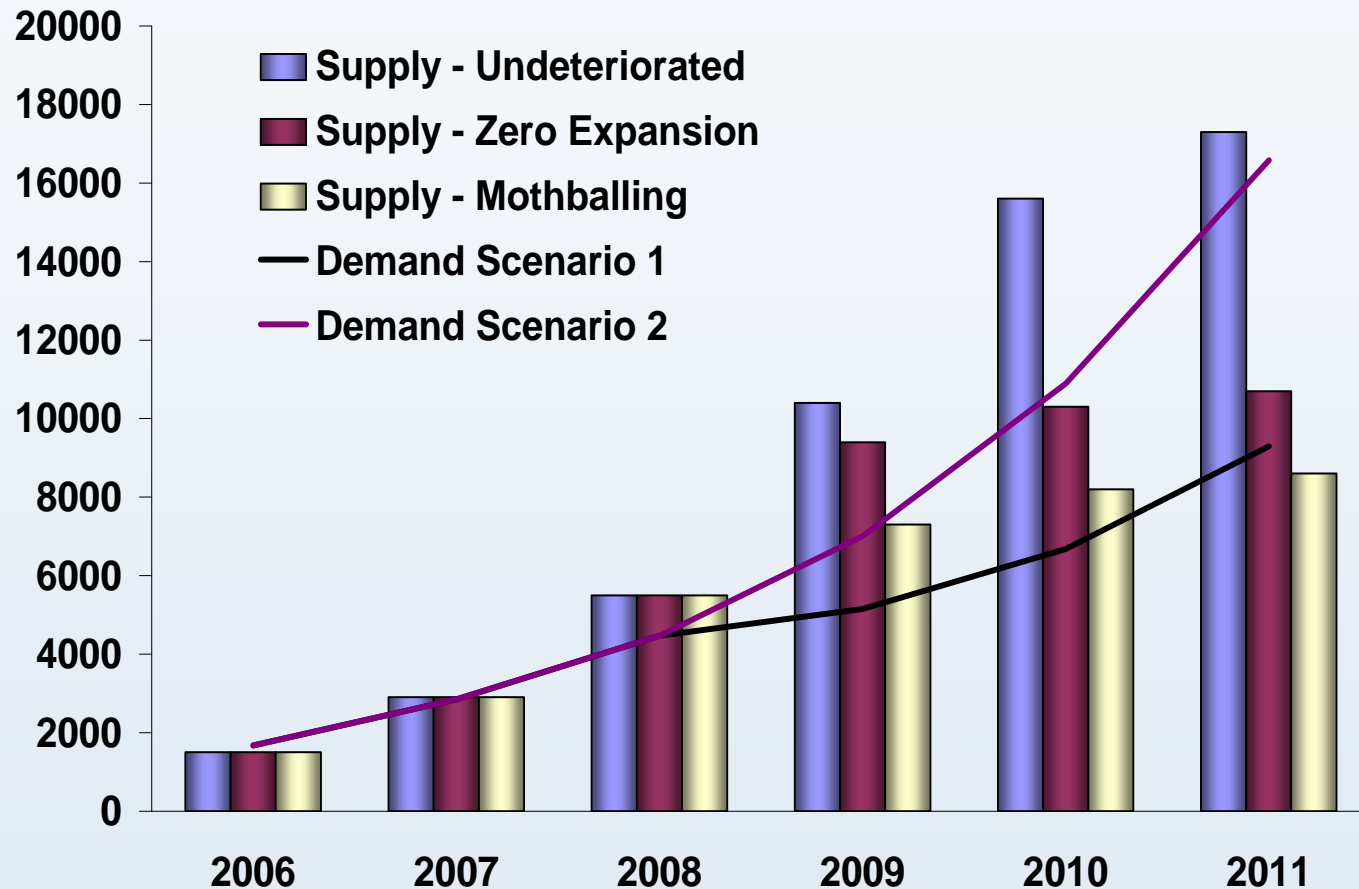


Note: Forecast based on discounted project pipeline analysis and capital availability predictions. See subsequent section below for full discussion.

Source: New Energy Finance, 2008

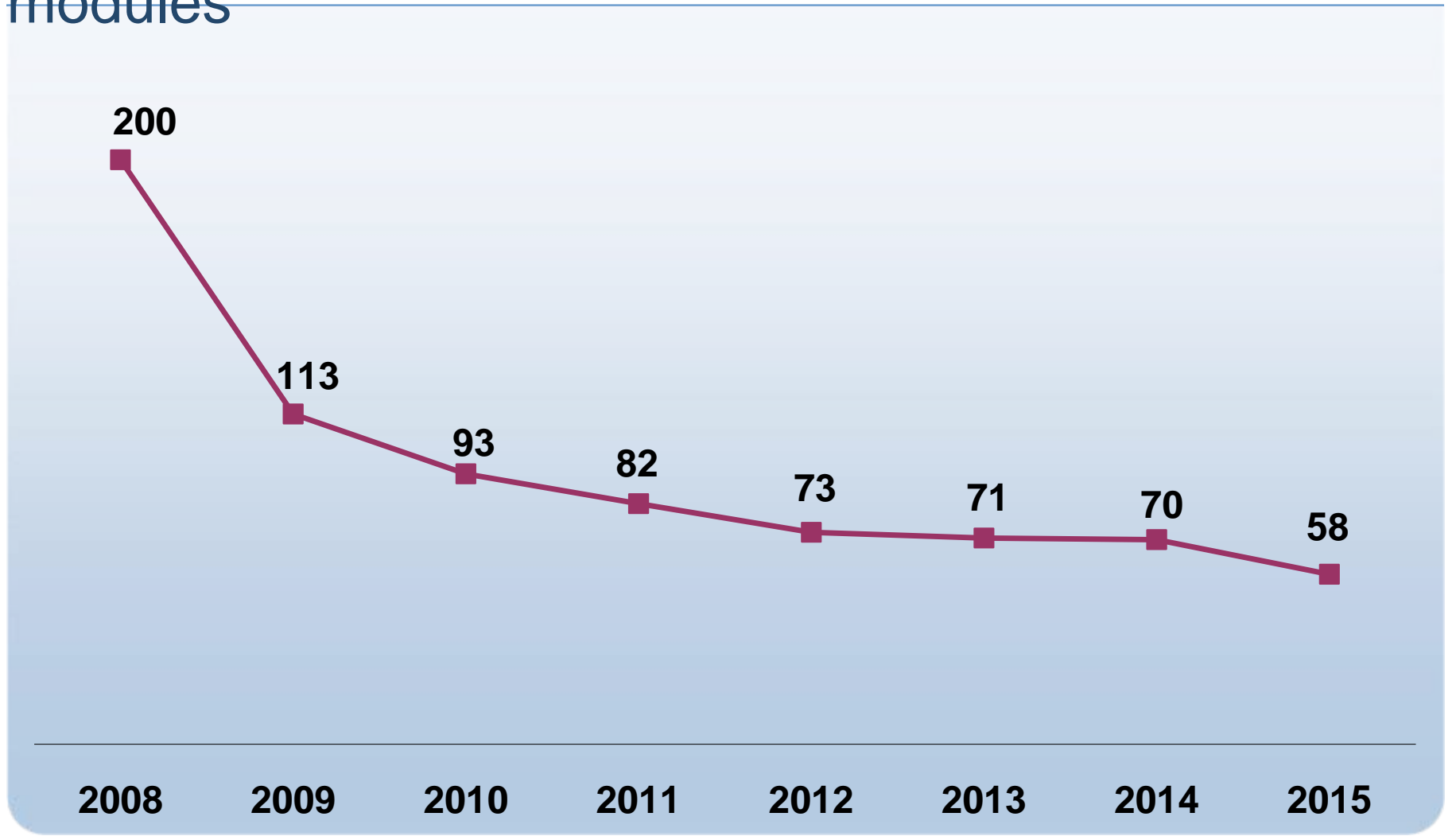
Solar PV: demand and supply scenarios (in MW).

From a supply constrained market to one determined by demand



Note: Details in Sections 2 and 3 of the Research Note, PV Market Outlook: Weathering the Storm, December 2008. Demand Scenario 1 is conservative, scenario 2 is optimistic. Demand = installation. Source: New Energy Finance, 2008

Forward silicon contract prices for all contracts, delivery 2008-2015: \$/kg – similar picture expected for modules



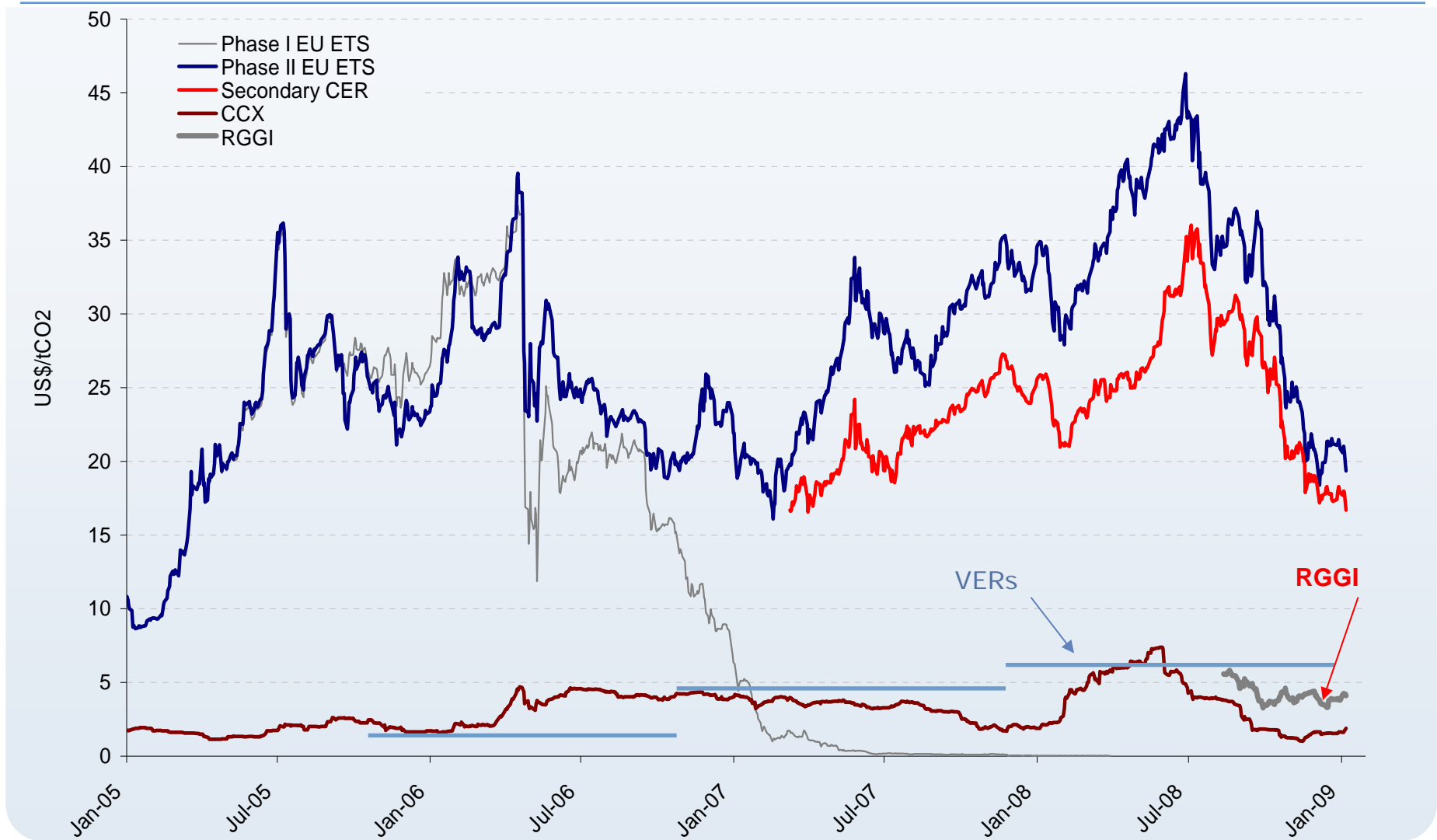
Note: Hyperpure, solar-grade, and high-purity scrap silicon have been aggregated. Three separate contract duration has also been aggregated for non-Participant report. Approximately half of these contracts are inflation-adjusted, half fixed.

Source: New Energy Finance, 2008

Accelerating clean energy deployment in the North East does not necessarily require more financial incentives

- ✍ The region has already been very progressive on alternative energy
 - ✍ Electricity prices already among the highest in the country
 - ✍ Wind: onshore economically viable with RECs, but mostly hampered by local opposition and transmission congestion
 - ✍ Solar: recent tax credit adjustments have significantly increased the subsidies for solar systems (valid for 8 years)
 - ✍ Both wind turbine prices and silicon prices projected to decrease in 2009-2010:
 - Turbine prices have already declined 10-15%
 - Solar modules overvalued by an estimated 40%
- Focus on solar energy, and alternative incentives such as financing programmes or awareness campaigns

RGGI carbon prices in perspective...not yet sufficient to act as a direct driver for new generation capacity



Source: New Carbon Finance, ECX, CCFE

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Longer term perspective for prices depends largely on the existence of a federal programme



Source: New Carbon Finance, ECX, CCFE

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Roundup

- ✍ Economic crisis to cause a decline in RE project activity throughout 2009
- ✍ To increase RE deployment in the North East financial incentives not necessarily required, better to focus on complimentary incentives
- ✍ RGGI prices unlikely to drive development directly until the prospects of a federal carbon programme pushes up prices

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