
The SNHU Renewable Energy Hedge Agreement

Meeting Budget and Climate Commitments



EPA Green Power Partnership

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www.EcoPowerHedge.com

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Presenters

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More details available online at:

www.EcoPowerHedge.com

Southern NH Univ: Quick Facts

- Located in Manchester, NH
- Approximately 3,700 full-time students and 2,700 continuing education students
- Paul LeBlanc, President
- Co-signatory of ACUPCC



Challenges for Institutions

- Volatility makes it risky to try to time the energy markets and keep a balanced energy budget
 - Energy price increases are very likely over the long-term
 - Climate emission issues
 - Difficulty creating a bridge from current energy sources to new alternatives
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SNHU's Approach

- **Reduce** energy consumption
 - **Offset** with Renewable Energy Credits
 - **Hedge** to stabilize energy budget and support development of renewable energy infrastructure
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Contract for Differences Hedge

- A Hedge is a barrier or means of protection
 - Contract for Differences (CFD) hedge is a tried and true way for producers and users to control energy costs
 - Hedges are used all over the world by farmers and food processors, energy producers and users
 - CFD is based on a win-win negotiation between producers and users
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Renewable Hedge Advantages

- Uses solar or wind power to lower your energy cost
 - Supports renewable energy development
 - Achieves long-term energy budget stability
 - Keeps net electricity and natural gas costs level over the 5 to 20 year life of the hedge
 - Represents a simple financial transaction that doesn't interfere with energy purchase decisions
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SNHU Goals for REH Agreement

- ✓ Stabilize the energy budget
 - ✓ Support clean, domestic energy development
 - ✓ Include RECs
 - ✓ No changes to current power purchases and no major upfront capital costs
 - ✓ Detailed analysis of potential savings made available through the feasibility study
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The Hedge Agreement

Agreements Include:



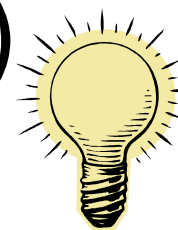
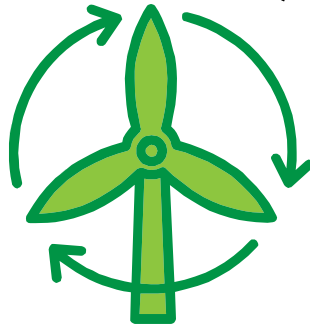
Strike Price (\$0./10 kWh)



Term (15 – 20 years)



Quantity (MWH)



REC's

How it Works

Energy User

Continues to buy power from the usual local supplier.

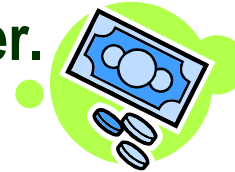
Continues to sell power into local spot market.

R. E. Producer

If income received by RE Producer is less than strike price than Energy User pays RE Producer.



If the income received by RE Producer is greater than strike price (\$0.10/kWh) than the RE Producer pays the Energy User.



The widely variable energy cost is now stabilized!



The SNHU Feasibility Study

Completed a Feasibility Study to:

- Analyze present and likely future costs with and without the hedge
 - Examined various strike prices, time frames and structure for hedge
 - Conducted assessment of the correlation between RE Producers' local market(s) & Energy User's local market.
 - Quantified potential savings and benefits for SNHU.
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Stabilized SNHU Energy Budget

- Entered a 15 year hedge with a wind farm
- Stabilized price for the 15 million kWh of electricity used annually
- Estimated savings with conservative energy price increases are \$1.2 million annually for electricity and gas over the 15 years
- Estimated savings with a higher future energy price scenario is \$2.6 million annually

Climate Control Goals Met

- Able to offset all carbon emissions or 13,125 tons of carbon dioxide
- Receiving 17,500 Green-e certified renewable energy credits per year
- Have extra RECs to invest in other carbon-offsetting projects.
- Became an “EPA Green Power Champion”



Results

“My job is to reduce risks and keep budgets in line. The Renewable Energy Hedge has flat-lined our energy budget and made certainty out of uncertainty. It is one of the best decisions we’ve made.”

-- William McGarry
VP of Operations and Finance
Southern New Hampshire University

Keys to R.E. Hedging Success

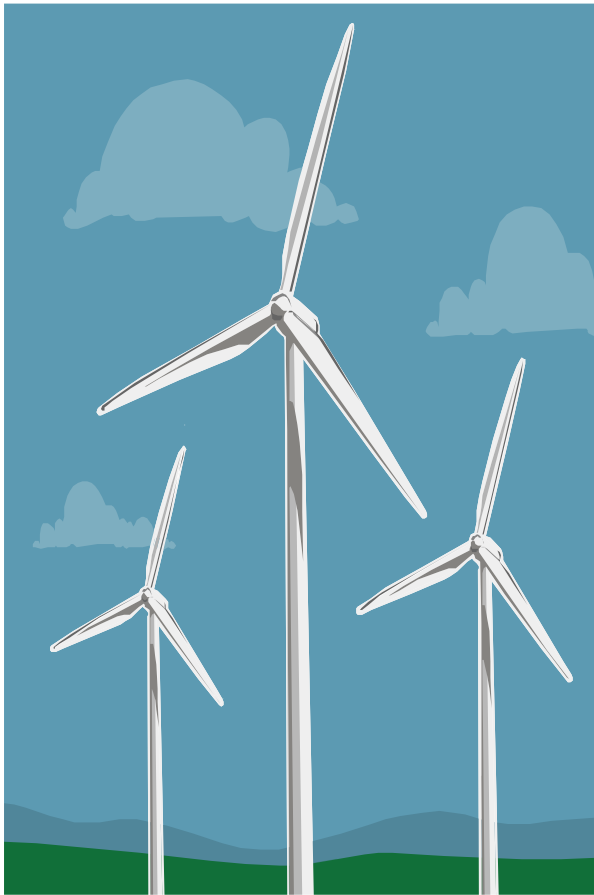
- Create the right R.E. hedge structure by analyzing various hedge designs
 - Larger energy users can hedge with more than one partner and create a “Hedge Portfolio”
 - Hedge for a reasonable duration i.e. at least 5 to 15+ years
 - Consider using a third party to monitor hedge payments
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Eco Power Hedge Services

- Buyer's Agent Representative – Independent of all R.E. Producers
- Feasibility Study Assessments
- Design Customized Hedge Structures
- Negotiate with RE Producer(s)
- Monitoring Services with Complete Audit Trail



Reduce, Offset and Hedge



Webinars are available
for your group...

Eco Power Hedge, LLC

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