

INSIGHTS FOR A COMPLETE GAME PLAN

INSIGHT// **State of the U.S. Renewables Market**

FERC VOTES FOR CHANGES TO ALLOW RTUS TO UNCLOG INTERCONNECTION QUEUES

- The Federal Energy Regulatory Commission (FERC) voted on June 15, 2022, to allow changes to help cure abnormally long interconnection queues. The three specific changes that were passed were: (1) to have “cluster studies” done for interconnection requests; (2) to give timelines for those studies to be done; and (3) to allow the specific RTO or ISO to move projects that can prove they are more developed ahead of other projects that have been stalled or are just sitting atop the interconnection queues in case their project does move forward. While most RTOs in the United States have issues with long interconnection queues and processes, this authority is particularly useful for PJM, which has an existing two-year moratorium on new interconnections requests.

BANKS REPORTING THAT 2022 SOLAR PROJECTS AT RISK OF DELAY

- Banks are reporting that between 25 and 40% of solar projects currently planned to finish in 2022 are at risk of slipping into 2023, primarily because of recent requests for increased project pricing to the Public Utility Commissions (PUCs) of these projects. This has implications for tax-equity and banks providing funding for projects, as debt service payments on loans are at risk without the solar project generating revenues and projects are not able to file ITC claims until after the project is complete.

BANKS BECOMING COMFORTABLE FINANCING STANDALONE STORAGE WITHOUT CONTRACTED REVENUES OR HEDGES

- So far this year, at least one portfolio of standalone storage projects in the U.S. that have been setup for solely merchant revenues (i.e., no contracted offtake agreements or hedges in place) have been financed by banks. This shows a shift in the market as some banks are beginning to decide that they are better off taking the merchant risk as energy, capacity, and ancillaries' prices have soared through 2022.

SOURCES: NORTON ROSE FULBRIGHT

