

Key Takeaways | Post-Uri Hedge Products for Storage and Renewables [VIDEO]

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During the latest webinar in our Energy Transition series, Partners Robert Lamkin and Jacob Hollinger hosted Louis Martinsen, vice president, origination at Boston Energy Trading and Marketing, for a 30-minute discussion concerning hedge product opportunities for renewables and storage projects one year after Winter Storm Uri impacted Texas's power grid.

Below are key takeaways from the webinar:

1. A year after Winter Storm Uri, hedging products for renewables are moving toward “as generated” hedges, meaning the hedge settles based on how much power the renewable project actually generates rather than based on other possible metrics (such as proxy generation).
2. A potential alternative for renewable and storage developers are hedging projects that provide a revenue “floor,” which can be thought of as a minimum level of revenue scaled to ensure that the project will receive a minimum amount of revenue sufficient to meet its operating and maintenance costs, debt service and capital expenditures regardless of market prices for the products it sells or intends to sell.
3. The providers of these hedge products are also changing to include entities serving (directly or indirectly) retail load rather than purely wholesale trading entities.

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