

Green New Perspective: Climate Tech Podcast Transcript

The \$50B Clean Energy Problem Nobody Talks About (Until Now)

Dunja Jovanovic: Hey, Lee, welcome to the Green New Perspective Spotlight.

Lee Taylor: Thanks so much for having me on.

Dunja: So can you introduce yourself to our audience and tell us a bit more about your company, REsurety?

Lee: Yeah, perfect. My name is Lee Taylor. I'm the founder and CEO of REsurety. And REsurety, at a high level, we're a mission-driven organization dedicated to accelerating the transition to a zero carbon future. More tactically, what that means is we provide the software and the services to support both the financial and the sustainability goals of largely three groups of players in the clean energy ecosystem, which is buyers of utility scale - wind, solar power - sellers of clean energy, and investors in clean energy assets. So we provide software to provide the data-driven insights to the full life cycle of a project or contract from initial strategy development to operational management of a portfolio, whether that's a portfolio of PPAs or a portfolio of investments. And our services from our domain experts really bring value to the intersection of weather modeling and power market expertise that is really critical to success in power markets. In particular, power markets that are driven by intermittent fuels like wind and solar.

Dunja: And what are some of the key challenges in buying, selling, and trading clean energy?

Lee: In terms of the biggest challenges in buying, selling, and trading, maybe to step back and think about the context of energy and power markets generally - if you want to buy or trade natural gas, you have access to a scalable, compliant, liquid, and transparent platform in Chicago Mercantile Exchange. If you are looking to buy or trade power from base load generation, like a coal plant, you want to sell around-the-clock power or you want to sell on peak power, you can do that through a scalable platform, Intercontinental Exchange. If you want to sell or buy or trade power from a specific wind or solar project that's exposed to the intermittency of generation of using the wind and the sun as a fuel source, you don't have access to any of those platforms for transparent and liquid transaction enablement. So largely you've depended on humans, right? The way most power is bought and sold in renewables today is humans calling and emailing other humans. And from our perspective, this industry has just outgrown that set of tools in order to achieve the scale and the liquidity that's needed for clean power markets to support the scale of the clean energy transition ahead of us. And just to

put that in context, from our perspective, the U.S. alone and even excluding transactions that are growing in the energy storage space, there's roughly \$50 billion worth of electricity that's transacted upon in a given year from wind and solar. That's both operational projects as well as new build. And that's just too big of a market to not have access to a liquid, transparent, scalable platform. And so that's been a hurdle for this industry.

Dunja: And you've recently announced CleanTrade. So how does this platform address those challenges and what is it?

Lee: So CleanTrade will be the first transaction platform for project-specific clean energy. And so we mentioned that ICE is there for traditional power, CME is there for oil and gas. CleanTrade will be there for power from wind and solar projects. And so what CleanTrade uniquely does in renewables is first and foremost, it provides the data needed to compare contracts on an apples-to-apples basis, both from a financial and an environmental perspective. So what I mean by that is that if you look at three wind farms in Southern Texas, all of them will be in what's called the ERCOT South region, but one that's on the coast north of Corpus Christi versus one that's closer to the interior of the state versus another one that's down closer to the Mexican border, those three projects - based off of both the timing of generation that happens given the weather patterns of being closer to the coast versus to the interior, as well as the highly idiosyncratic transmission access in that part of the state - those three projects are all Southern Texas wind farms. They have wildly different value and risk, both in a financial and an environmental context in terms of how much carbon impact they have. And so we provide the data and the insight in it to enable buyers and sellers to really compare projects on that apples-to-apples basis, despite being project-specific as-generated contracts. So say that's the first piece of what's critical to CleanTrade's success. The second's around end-to-end workflows. When you look at what the platforms and services that exist today in clean energy, they are information platforms, not transaction platforms. You can't accept and transact on a live bidder offer, and that just limits the liquidity and slows down the transaction process. And so this will be the first platform that provides that end-to-end workflow, everything from contract discovery, from a market depth perspective, all the way through to the extent it's a virtual PPA, Dodd-Frank reporting compliance. And on the topic of compliance, we're in the process of working through this approval process with the CFTC now, but CleanTrade will be the first entity with what's called a Swap Execution Facility (SEF) license compliance term for a marketplace for financially settled transactions as our vast majority, if not all, of virtual power purchase agreements. Once we are through that process with the CFTC and, obviously conditional upon their approval, but that will allow this marketplace to provide that end-to-end set of services that have been missing in power markets for renewables. There are 20 SEFs in the world. They support all sorts of financial instruments and commodities. They do not support - there's not a single SEF in existence - that supports clean energy and CleanTrade will change that.

Dunja: And since we're a marketing agency, I have to ask you, how do you position yourself and your services in this competitive clean energy space and what marketing services have proven to be most effective? Especially because you're offering something new and quite unique as far as I understand.

Lee: Yeah, so I think from what we offer, on the insights side, it really comes down to intermittency. So that is what makes having wind and solar as a fuel source have some significant benefits in that that fuel is always free. And so there's a lot of challenges that thermal power has to wrestle with on the cost of fuel that renewables don't. But not having control over timing of cloud cover and the timing of wind speeds creates a challenge both in terms of everything from forecasting value to auditing contracts. That's what we uniquely solve on the information side. And then on the market side, we bring up through CleanTrade a unique level of transparency and liquidity to a market that has sorely lacked it. In terms of how we get that message out, A, it's a lot of time on the road, meeting with folks. It's also through podcasts like this, videos on LinkedIn really run the gamut of how to get that message out there. But it's been an exciting time for us to get in front of as many folks as we can to try to solve these real challenges that are holding back the pace of the clean energy transition.

Dunja: And how do you help customers understand and measure their impact and how do you communicate these efforts?

Lee: So on the impact side, that comes down to a lot of our work in the marginal emission space. And so to back up as a little bit of context, there's broadly been a fairly dramatic push over the last couple of years towards ensuring that actions are taken when statements are made around decarbonization, that the real world decarbonization is actually matching those expectations and those claims. And that comes from everything from the scrutiny we're seeing for the 45V guidance for how you earn hydrogen tax credits for effectively carbon-free energy being used to produce that hydrogen through the expected rewrite of the Scope 2 accounting rules. And even as recently as this week, some of the enforcement actions the CFTC has taken in the voluntary carbon markets to try to bring more trust and transparency across the board in terms of what is the real impact of actions from folks focused on decarbonization. Our role there is really providing the operationalizing and supporting what are called Emissions First Principles. And so when we think about when parties first started buying renewable energy a decade plus ago to achieve decarbonization goals, every megawatt hour of clean energy was treated as equal. But in reality, a solar project in Northern Virginia and a solar project in Northern California have 3 or 400% difference in what their carbon impact is. And that comes down to what they're displacing. Northern Virginia solar is often competing with coal, for example, crowding coal out of the grid. Northern California solar is often competing with other solar projects during that

sunny period. And so enabling entities to optimize for where their dollar goes furthest and is most impactful, whether they're an investor or a corporate buyer, bringing demand that makes projects financeable, that is really what we have leaned into in terms of providing that. Not only transparency on where rigorous impact is happening in the real world, but most importantly, empowering decision-makers to make sure that they feel like their investment, their contract is having the most impact that it possibly can.

Dunja: And since this is such a short conversation, can you share some of the channels where people can learn more about REsurety and your developments and news?

Lee: So starting point, come to our website. We have a newsletter. We'd love to get in front of folks. Follow us as a company, or me, or both on LinkedIn - all three of those channels. Or send us a note. Anybody who's interested in the space we love talking to in person. Or stop by our offices in Boston. So any of those channels, we'd be happy to talk with anybody who has interest in what we're working on at REsurety.