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# Argus Air Daily

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## ARGUS Q&A

### Q&A: Clean energy now ‘so mainstream’

*Angelique Mercurio is chief executive of EnerKnol, a digital platform that monitors energy regulation. She has worked previously for large banks including Barclays, Citigroup and Merrill Lynch. In this interview, edited for length and clarity, Mercurio discusses shifts in US midcontinent state policies affecting wind and renewable energy’s advance into mainstream use.*

#### **Why did EnerKnol choose to focus on energy regulation? Is this not already monitored and reported on by competitors?**

I chose energy regulation because it was not covered in a comprehensive format in a data-accessible way. As an energy analyst I had to build models all the time, and I had everything under the sun resource-wise. I could pull in any of the data sets I wanted. But for policy, it was all manual. I had to find it and then thumb through thousands of pages of proposed bills and comment letters.

I just thought that if I could put this stuff in the format of data and pull it into a model, then that would save the majority of my time as an analyst. Most government offices have websites that are really fragmented, impossible to navigate, and not made in the way that the business world uses the information.

Government regulates based on its own jurisdiction, related to geography. We on the business side look at things by sector, business issue and the end market. Having to go through all these government offices that affect energy in a given area or issue, you have to go through tons of them, and comb through everything else they regulate to find what you are looking for.

#### **How do you balance automated monitoring of energy jurisdictions - your website says your tech processes go through hundreds of thousands of policy documents - with the analysis done by actual humans?**

We have two platforms, one for data and the other for research. The EnerKnol platform is a comprehensive, energy regulatory data cataloged by regulatory body, to geography, to document type and beyond. That is what our customers are using to track compliance, dockets, permitting and others. The research and analysis is from our analyst team covering topics every week according to policy developments. I do not envision building out a huge research offering, because, for the most part, our platforms deliver the information to the experts for analysis, who then publish research themselves.

#### **You recently published a report on Oklahoma’s decision to sunset its wind tax credit. Similar policies are under consideration in multiple Midwestern states. How should this affect wind development in the US Midcontinent?**

Looking at Oklahoma, we can see that wind is becoming quite competitive. It has moved from an alternative energy to a mainstay. Oklahoma is third among US states by installed wind capacity. You can look at the levelized cost of electricity - it is already competitive without the subsidy.

The Oklahoma wind industry was very open to working with the government on finding a solution for their budget problems. So, that shows there is maturity. And the midcontinent states are very well-endowed with wind. It seems that they may not need this kind of support for an industry that is maturing. Texas has over 20GW of wind installed right now - and it has done it without these kinds of incentives.

So, on one hand, it seems like the industry has matured, and withdrawing this kind of support would still be fine and not pose an impediment. And you still have the federal production tax credit as a source of support.

However, as we also indicated in our report, there should be another look at other subsidies in order to balance the budget. Oklahoma has something of an oil-versus-wind debate, but the bottom line is that the state should be diversifying

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the economy much further. It will not be like solar in Hawaii, where net metering was canceled and solar really suffered. Oklahoma wind is past that point - it has reached a point of maturity. Taking away a tax credit will not be that important. Other factors might be more important, for example transmission lines. Texas has boomed in terms of its wind, because the transmission conditions are better.

**Could this become a trend in other wind states, which have also suffered from lower fossil-fuel prices and the budget shortfalls that result?**

I think it is more about the level of tax versus the absence of a subsidy. In terms of setting a trend, it remains to be seen. If you have a precedent of Oklahoma withdrawing the subsidy, but the industry goes ahead, that could encourage other states. It is a positive sign that the wind industry worked with the government on this, but the way the events in Oklahoma go might influence other states. We will be watching what happens in North Dakota, for example.

**Given your Wall Street experience, how are banks doing in providing finance for clean energy growth?**

With the clean energy space in particular, I think it has gotten a lot stronger. When I first started in this space in 2009, there was a lot of fear about what would happen when tax credits went away, that investor opportunities would get devalued. A lot of my customers at Barclays were doing clean energy financing, but it was hard to get credit approvals, and you would often see the big banks fall off.

But the clean energy technologies themselves have been getting better, which has lowered the risk for financiers and banks.

Consumers are driving the market now. Clean energy has gotten so mainstream - everyone is looking at the 'clean market' now, and not just in energy. Look at rideshares like Uber: People are opting for new offerings that have created big trends. Companies cannot really get away with not being environmentally friendly anymore, because they will get called out on social media. Consumers are really empowered to voice clean-energy support. Banks that do not want to deal with the shame game of social media and other public opinion campaigns are bringing their support to clean energy.