

OVERVIEW OF THE Low Emission and Zero Emission Renewable Energy Certificate Program (LREC/ZREC Program)

Important Note

- * The Connecticut Light and Power Company is now doing business as Eversource Energy (“Eversource”)

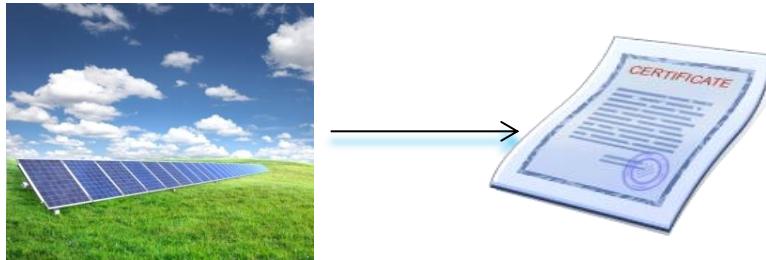
What is the LREC/ZREC Program About?

- * Conn. Gen. Stat. § 16-244(r), 16-244(s) and 16-244(t) require that Eversource & UI enter into 15 year contracts **to purchase renewable energy credits (RECs)** from qualifying projects in Connecticut at a fixed price for 15 years.
- * The projects have to meet the eligibility requirements, and are selected different ways, depending on the size of the project and the type of generation (i.e. fuel cell, solar, wind).
- * If the Companies select a project, the “Seller” is required to execute a Contract or Service Agreement which defines the term of the contract, price and all of the other requirements of the Seller and Buyer

Renewable Energy Certificates (RECs)

○ When is a REC Created?

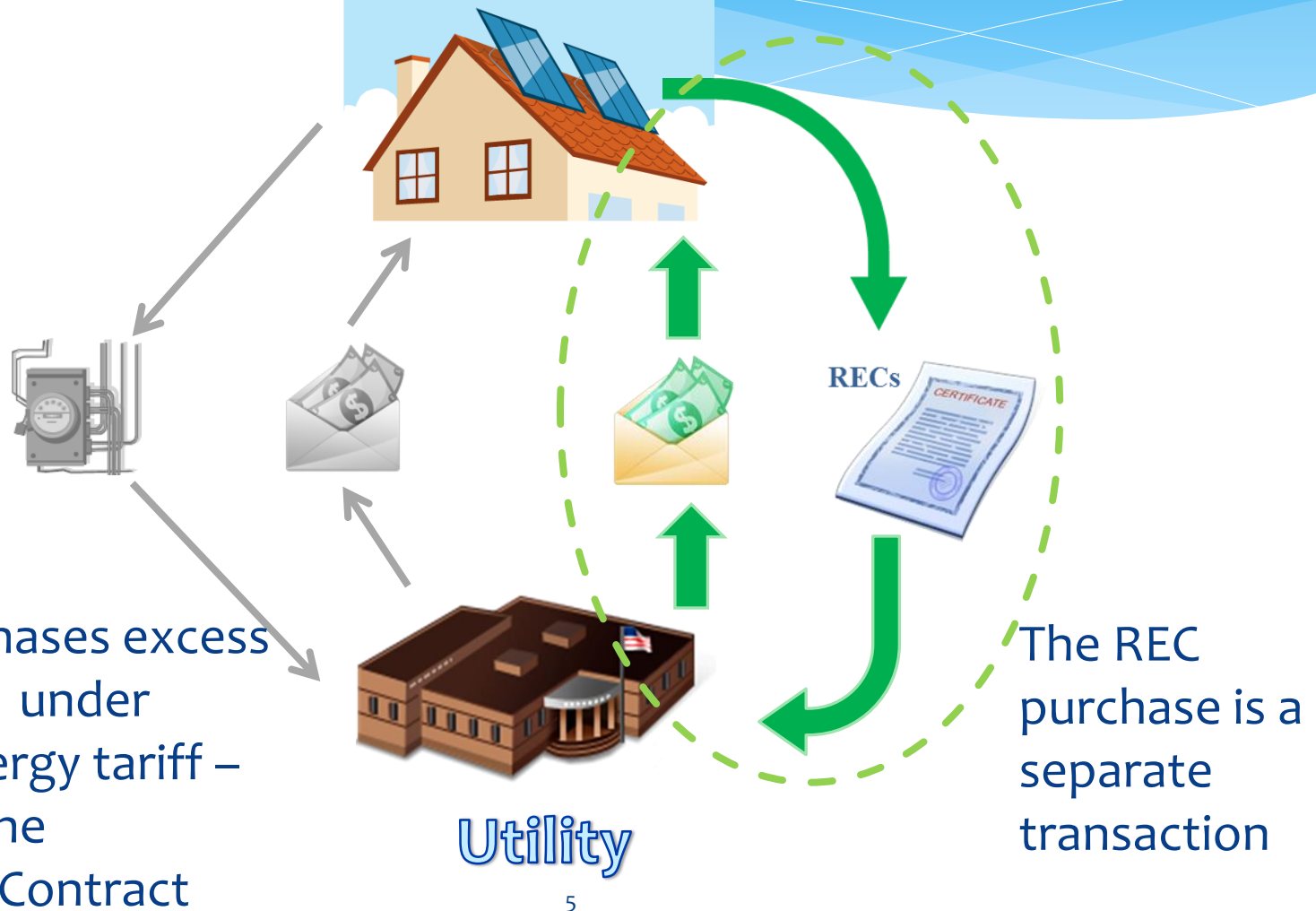
- Each time a renewable generation unit produces, the energy is considered “renewable”
 - LREC: Low – emission RECs = e.g Fuel Cells
 - ZREC: Zero – emission RECs = e.g Solar, Wind, Small Hydro
- Each megawatt hour of energy produced = 1 REC



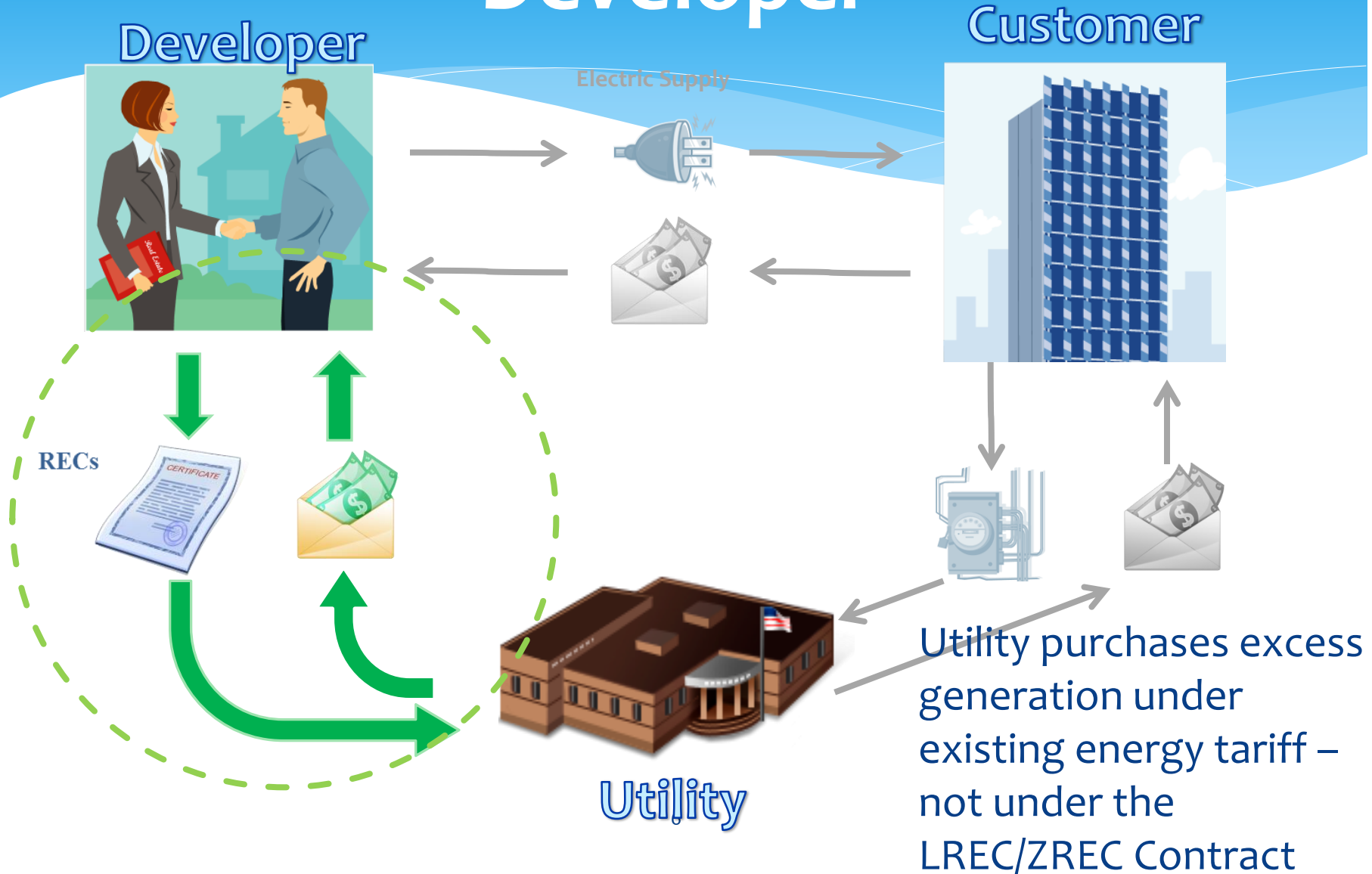
○ How is the REC created?

- Meter data is sent to NEPOOL GIS by the utility; NEPOOL GIS system creates the electronic certificate (REC)

LREC/ZREC Contract with Customer



LREC/ZREC Contract with Developer



Procurement Processes

- * Update January, 2017: Pursuant to [Public Act 16-196](#), for the Year 6 solicitation the Companies will allocate 50% of the overall Year 6 RFP budget to LREC projects
- * To clarify, the Year 6 budget consists only of ZREC statutory budgets (\$6.4M for Eversource, \$1.6M for UI) plus any applicable funds from terminated ZREC projects or ZREC projects that resulted in MAQ adjustments. Thus, the budget will be divided as follows:
 - * 50% to LREC projects
 - * 50% to ZREC projects, divided evenly among Small, Medium, and Large ZRECs

Procurement Processes

Continued

1) Competitive Solicitation - (RFP) – Year 6

Project Type	Size	Total Annual Budget for Both Companies Combined	REC Price Cap
Large ZRECs	≥250 kW to 1,000 kW	Approximately \$1.33M	Max = Changes Annually
Medium ZRECs	>100 kW < 250 kW	Approximately \$1.33M	Max = Changes Annually
LRECs	Up to 2,000 kW	\$4M	Max. \$200/REC

*Update January, 2017: Pursuant to [Public Act 16-196](#), for the Year 6 solicitation the Companies will allocate 50% of the overall Year 6 RFP budget to LREC projects. These changes are reflected in these charts.

2) Small ZREC Tariff

Project Type	Size	Total Annual Budget for Both Companies Combined	REC Price
Small ZRECs	Up to 100 kW	Yr 5 – Approx. \$2.7M Yr 6 – Approx. \$1.33M	Weighted Average of the Medium ZREC price + 10%

Procurement Processes Continued – Yr. 6 RFP Specific

- * Pursuant to PURA's ruling on [Motion No. 86](#) in Docket 11-12-06:
 - * For the Year 6 solicitations, the Companies will issue two solicitations for LRECs and Large/Medium ZRECs. The first solicitation will be issued for 60% of the available budgets for each category, and the solicitation will occur by the end of April, 2017. The second solicitation will occur after the completion of two rounds of contract selection in the April RFP, and be issued in the fall of 2017. The Companies will seek to issue the solicitation by the end of October, 2017. The second solicitation shall be issued for the remaining 40% of the original available budgets for each category, plus any remaining funds in each category from the April solicitation. In order to open the Year 6 Small ZREC tariff in a timely manner, the Companies will determine the Year 6 Small ZREC price based on the weighted average bid price of the selected Medium ZREC projects from the first 4 rounds of selection (i.e. the selected bids from the April RFP, and rounds one and two of selected bids from the fall RFP).

Procurement Processes Continued – Year 6 Budgets

Eversource Year 6 Budgets						
Solicitation	Issue Date	% of Budget	Medium ZREC	Large ZREC	LREC	Small ZREC
Overall Year Statutory 6 Budget Per Category			\$1,066,667	\$1,066,667	\$3,200,000	\$1,066,667
Year 4 Small ZREC Uncommitted Allocation*			\$721,019	\$240,340	\$240,340	\$240,340
#1	April, 2017	60%	\$1,072,611	\$784,204	\$2,064,204	N/A
#2	Fall, 2017	40% (plus any uncommitted from Solicitation #1 TBD)	\$715,074	\$522,803	\$1,376,136	N/A
Small ZREC	TBD	N/A, only one solicitation for Small ZREC	N/A	N/A	N/A	\$1,307,007
The Year 6 budgets will be at least what is noted above, plus any applicable funds from terminated projects or projects that resulted in MAQ adjustments.						
*Eversource's uncommitted Year 4 Small ZREC budget will be rolled into the overall Year 6 RFP budget in accordance with PURA's February 6, 2017 ruling on Motion No. 86 in Docket 11-12-06						

UI Year 6 Budgets						
Solicitation	Issue Date	% of Budget	Medium ZREC	Large ZREC	LREC	Small ZREC
Overall Year 6 Statutory Budget Per Category			\$266,667	\$266,667	\$800,000	\$ 266,667
#1	April, 2017	60%	\$160,000	\$160,000	\$480,000	N/A
#2	Fall, 2017	40% (plus any uncommitted from Solicitation #1 TBD)	\$106,667	\$106,667	\$320,000	N/A
Small ZREC	TBD	N/A, only one solicitation for Small ZREC	N/A	N/A	N/A	\$ 266,667
The Year 6 budgets will be at least what is noted above, plus any applicable funds from terminated projects or projects that resulted in MAQ adjustments.						

- Connecticut Property Assessed Clean Energy (C-PACE) = Financing structure that enables commercial, industrial, and multi-family properties to finance 100% of a clean energy project and repay investment costs through a benefit assessment on their property tax. Offered through the Connecticut Green Bank
- Works with ZRECs and LRECs. Bids become more competitive through low-cost capital and long-term repayment via C-PACE
- More info for developers / contractors at <http://www.c-pace.com>

Private capital
provides 100%
upfront, low-cost,
long-term funding

Repayment through
property taxes

A senior PACE lien is
put on the property
and stays regardless
of ownership



Project Eligibility

- Must be located behind contracting utility revenue meter and have a dedicated REC meter
- Must not have received funding/grants from the Connecticut Green Bank, or its predecessors CEFIA or CCEF (other than low cost financing)
- Projects must be in service on, or after, July 1, 2011
- Must have zero or low emissions
- Must be eligible to qualify as a Class I Renewable Project
- Must certify site control

Average Annual Production Calculation

- * The MWhr of electricity production from your renewable unit is determined by the following calculation:
 - * Project Size x #hours/yr x capacity factor of system
 - * Project size = kW AC
 - * # hours in a year (8760)
 - * Capacity Factor (See most recent RFP)
 - * RECs = 1 REC for every 1,000 kWhr of production

MAQ/Annual Contract Value Calculation

Example: 150 kW Solar Project with a price of \$100/REC

Maximum Annual Quantity = Average Annual Production * 5%
 $150 \text{ kW} * 8760 \text{ Hours} * 16.90\% \text{ Cap Factor} * 1.05 / 1000 = 234$
RECs

Maximum Annual Payments =
 $\$100 / \text{REC} * 234 \text{ RECs} / \text{year} \sim \$23,400.00$

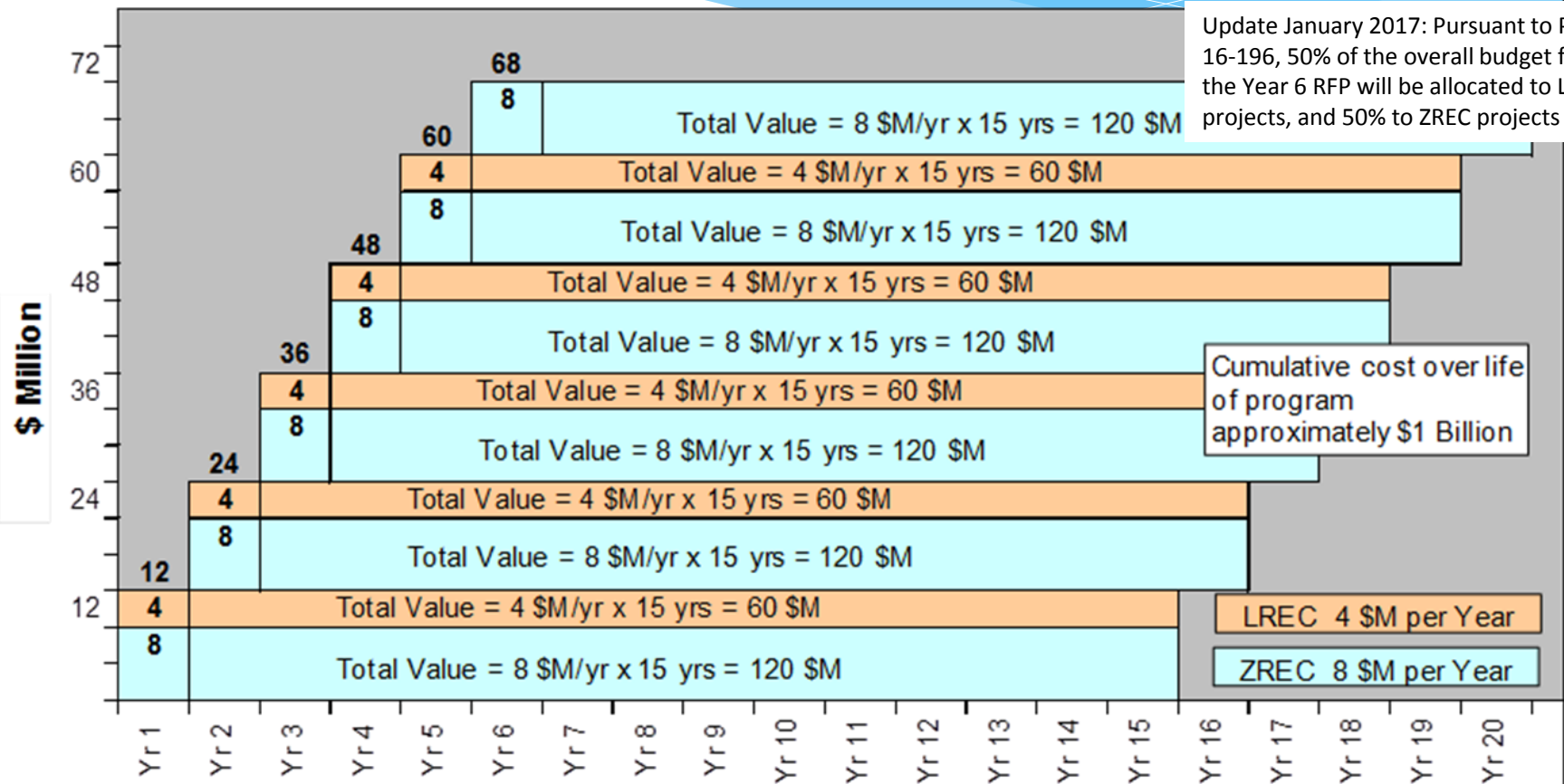
Maximum Total Payments over 15 years $\sim \$351,000.00$

Key Program Documents

- PURA's April 4, 2012 Decision in Docket 11-12-06
- Solicitation Plan for LRECs and ZRECs
- Rules and Process for Submitting Applications for Small ZREC Tariff
- Most recent Competitive Solicitation for LRECs and Large and Medium ZRECs (RFP)
- Question and Answer Document (updated periodically)

Budget & Commitment Schedule

LREC & ZREC PROGRAM BUDGETS



Prerequisites for REC Purchase

(Also refer to Article 4 of Contract)

- Complete and Sign the Certification Statement for REC Delivery Acceptance (including but not limited to items listed below)
 - CT Class I Qualification Approval from PURA
 - In service no later than 1 year after selected Delivery Term Start Date (or 18 months if 6-month extension was awarded)
 - Must have dedicated REC meter
 - Interconnection agreement required
 - NEPOOL GIS registration

CT Class I Qualification Approval from PURA

- * Section 5.1.5 of the T&C's = it is the Seller's sole obligation to obtain CT PURA Class I Qualification
 - * CT PURA rules require you submit a **separate application** to PURA for CT Class I Qualification after your project is in service
 - * CT PURA will review Class I application, and upon approval, will grant CT Class I Qualification
- * If seller does not complete these steps
 - * Loss of revenue
 - * Contract may be terminated

NEPOOL Generation Information System (GIS)

- Must set up GIS account or outsource GIS set up and maintenance
- Designate CL&P or UI as the Third Party Meter Reader
- Transfer RECs in GIS via a Forward Certificate Transfer
- GIS rules are available from NEPOOL GIS (APX)
- Please go to GIS website - www.nepoolgis.com

Contact Email and Websites

- Please submit questions or requests to be added to our distribution lists:
 - Eversource = LREC.ZREC@eversource.com
 - UI = lrec.zrec@uinet.com
- Please visit LREC/ZREC Websites at:
 - Eversource = www.eversource.com → Residential → Save Money & Energy → Renewable Energy Credits
 - UI = www.uinet.com → About UI → Doing Business with UI → Power Procurement