

STATE OF CONNECTICUT

**PUBLIC UTILITIES REGULATORY AUTHORITY
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051**

**DOCKET NO. 20-07-01 PURA IMPLEMENTATION OF SECTION 3 OF P.A. 19-35,
RENEWABLE ENERGY TARIFFS AND PROCUREMENT
PLANS**

February 10, 2021

By the following Commissioners:

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INTERIM DECISION

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INTERIM DECISION

I. INTRODUCTION

A. SUMMARY

In this Interim Decision, the Authority establishes renewable energy tariffs for residential customers for each electric distribution company effective January 1, 2022 through December 31, 2027, pursuant to subsection (b) of section 3 of Public Act 19-35, An Act Concerning A Green Economy and Environmental Protection, as codified in the General Statutes of Connecticut § 16-244z(b). The Authority also establishes requirements, guidance, and plans for implementation and administration of the program associated with the tariffs established herein.

B. BACKGROUND OF THE PROCEEDING

On June 30, 2020, the Public Utilities Regulatory Authority (Authority or PURA) initiated the above-captioned proceeding to establish tariffs for each electric distribution company (EDC) for Class I renewable energy projects located on a residential customer's own premise (Residential Tariffs),¹ as well as to review and approve the EDCs' procurement plans² in accordance with section 3 of Public Act 19-35, An Act Concerning A Green Economy and Environmental Protection (Public Act). As part of this proceeding, the Authority also considered the draft findings of the Department of Energy and Environmental Protection (DEEP) and PURA's joint study of the value of distributed energy resources issued on July 1, 2020, in Docket No. 19-06-29, DEEP and PURA Joint Proceeding on the Value of Distributed Energy Resources.³

The Authority also separately opened Docket No. 17-12-03RE09, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Renewable Energy Resource Analysis and Program Reviews, to assess the status of the current clean and renewable energy programs administered by the EDCs, including, but not limited to: the Low Emission Renewable Energy Credit (LREC) and Zero Emission Renewable Energy Credit (ZREC) Programs, the Shared Clean Energy Facility Program, Virtual Net Metering, the execution of the clean and renewable energy projects selected through DEEP procurements, and compliance with Connecticut's Renewable Portfolio

¹ Residential Tariffs, Residential Tariff program, and program are used interchangeably throughout this Interim Decision to refer to the renewable energy tariffs for residential customers of the EDCs pursuant to Section 3(b) of the Public Act, as codified in Conn. Gen. Stat. § 16-244z(b), and the objectives, orders, and processes related to such tariffs established herein.

² The Authority plans to begin its review and approval of the EDCs' procurement plans in February 2021; See, Notice, dated January 22, 2021, <http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/69ac5e2faba3aae48525866500635506?OpenDocument>.

³ The Authority issued a Notice of Admitted Evidence concurrent with the release of the proposed Interim Decision, thereby adopting the draft Study into the record of the above-captioned proceeding; See also, Draft Distributed Energy Resources in Connecticut, Correspondence dated in Docket No. 19-06-29, <http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/56d151da9f6343af852585980063329d?OpenDocument>.

Standards. The Authority took administrative notice of all relevant information provided in Docket No. 17-12-03RE09 in the above-captioned docket and cross-posted any relevant Technical Meetings in both proceedings.

C. CONDUCT OF THE PROCEEDING

The Authority conducted a series of three Technical Meetings over four days on the Residential Tariffs, which were held via teleconference.

- By Notice of Technical Meeting dated September 14, 2020, an initial Technical Meeting was held on September 25, 2020, to discuss the objectives of the Residential Tariffs.
- By Notice of Technical Meetings dated October 7, 2020, and by Revised Notice of Technical Meeting dated October 26, 2020, a second Technical Meeting was held on October 20, 2020, and continued on November 3, 2020, to discuss the following topics related to the Residential Tariffs: tariff netting intervals, new/existing metering equipment, meter and other communication capabilities, meter ownership, the “buy-all” tariff structure, residential tariff program administration, and on-bill financing and direct payments.
- By Notice of Technical Meeting dated November 9, 2020, a third Technical Meeting was held on November 20, 2020, to discuss the methodology for setting the “buy-all” and netting tariff rate(s).

The Authority requested written comments on November 4, 2020, receiving six sets of comments in response on November 18, 2020. The Authority also issued three sets of interrogatories on August 28, 2020 (set one and set two) and on November 5, 2020. Accordingly, the Authority planned to hold a Hearing on November 24, 2020, as demonstrated by the Notice of Hearing dated November 10, 2020. However, no Participants indicated that they had cross-examination planned for the Hearing in response to the Authority’s inquiry.⁴ Subsequently, the Authority issued a Notice of Cancellation of Hearing on November 24, 2020. The Notice of Cancellation of Hearing also requested that all docket Participants who submitted interrogatory responses in the above-captioned proceeding provide witness affidavits adopting those responses as part of the record in the proceeding and affirming the truth of the information asserted in the interrogatory responses.

Further, pursuant to Notice of Admitted Evidence dated December 3, 2020, the transcripts of the relevant Technical Meetings held in Docket No. 17-12-03RE09 were administratively incorporated into the record of this proceeding. On December 4, 2020, the Authority received correspondence from the Office of Consumer Counsel (OCC) in response to the Connecticut Green Bank’s (CGB) November 20, 2020 presentation. On December 18, 2020, the Authority received a joint correspondence from Sunrun, Inc. (Sunrun), Solar Connecticut, Inc. (SolarConn), SunPower Corporation (SunPower), and the Connecticut Light and Power Company d/b/a Eversource Energy (Eversource).

⁴ Regarding the Authority’s inquiry, See, Correspondence, dated January 19, 2021, <http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/1785410eb639395285258662004dc66e?OpenDocument>.

On January 20, 2021, the Authority issued a proposed Interim Decision in this proceeding, and provided an opportunity for the Participants and interested stakeholders to file written exceptions by February 4, 2021 and to present oral argument on February 3, 2021.

D. PARTICIPANTS AND INTERESTED STAKEHOLDERS

The Authority recognized the following as Participants to the proceeding: Eversource, P.O. Box 270, Hartford, CT 06141-0270; The United Illuminating Company (UI), P.O. Box 1564, New Haven, CT 06506-0901; CGB, 865 Brook Street, Rocky Hill, CT 06067-3444; OCC, Ten Franklin Square, New Britain, CT 06051; and the Commissioner of DEEP, 79 Elm Street, Hartford, CT 06106. The Authority also granted Participant status to the following: SolarConn; Fuel Cell Energy, Inc.; Connecticut Industrial Energy Consumers (CIEC); Sunrun; Vivint Solar, Inc. (Vivint Solar); Institute for Policy Integrity at NYU School of Law; Save the Sound; SunPower; Northeast Clean Energy Council (NECEC); Doosan Fuel Cell America, Inc. (Doosan); and National Fuel Cell Research Center.

II. STATUTORY AUTHORITY AND OBJECTIVES FOR RESIDENTIAL TARIFFS

A. GENERAL STATUTES OF CONNECTICUT SECTION 16-244Z

The Residential Tariffs outlined herein were established pursuant to subsections (b), (d), and (e) and portions of subsection (c) of section 3 of the Public Act, as codified in § 16-244z of the General Statutes of Connecticut (Conn. Gen. Stat.).⁵ Subsection (b) of Conn. Gen. Stat. § 16-244z states:

(b)(1) On or before July 1, 2020, the authority shall initiate a proceeding to establish (A) tariffs for each electric distribution company pursuant to subdivision (2) of this subsection, (B) a rate for such tariffs, which may be based upon the results of one or more competitive solicitations issued pursuant to subsection (a) of this section, or on the average cost of installing the generation project and a reasonable rate of return that is just, reasonable and adequate, as determined by the authority, and shall be guided by the Comprehensive Energy Strategy prepared pursuant to section 16a-3d, and (C) the period of time that will be used for calculating the net amount of energy produced by a facility and not consumed, provided the authority shall assess whether to incorporate time-of-use rates or other dynamic pricing and such period of time shall be either (i) in real time, (ii) in one day, (iii) in any fraction of a day not to exceed one day, or (iv) in any period of time greater than one day up to and including one month. In such proceeding, the authority shall consider the findings of the study of the value of distributed energy resources conducted pursuant to section 16a-3o. The authority shall issue a final decision in such proceeding on or before July 1, 2021. The authority may modify such rate for new customers under this

⁵ See 2020 Supplement to the General Statutes of Connecticut, available at https://www.cga.ct.gov/2020/sup/chap_283.htm.

subsection based on changed circumstances and may establish an interim tariff rate prior to the expiration of the residential solar investment program pursuant to subsection (b) of section 16-245ff as an alternative to such program, provided any residential customer utilizing a tariff pursuant to this subsection at such customer's electric meter shall not be eligible for any incentives offered pursuant to section 16-245ff at the same such electric meter and any residential customer utilizing any incentives offered pursuant to section 16-245ff at such customer's electric meter shall not be eligible for a tariff pursuant to this subsection at the same such electric meter.

(2) On and after January 1, 2022, each electric distribution company shall offer the following options to residential customers for the purchase of products generated from a Class I renewable energy source that is located on a customer's own premises and has a nameplate capacity rating of twenty-five kilowatts or less for a term not to exceed twenty years: (A) A tariff for the purchase of all energy and renewable energy certificates on a cents-per-kilowatt-hour basis; and (B) a tariff for the purchase of any energy produced and not consumed in the period of time established by the authority pursuant to subparagraph (C) of subdivision (1) of this subsection and all renewable energy certificates generated by such facility on a cents-per-kilowatt-hour basis. A residential customer shall select either option authorized pursuant to subparagraph (A) or (B) of this subdivision, consistent with the requirements of this section. Such generation projects shall be sized so as not to exceed the load at the customer's individual electric meter from the electric distribution company providing service to such customer, as determined by such electric distribution company. For purposes of this section, "residential customer" means a customer of a single-family dwelling or a multifamily dwelling consisting of two to four units.

The relevant portions of subsection (c) of Conn. Gen. Stat. § 16-244z state:

(c)(1)(B) The electric distribution companies shall offer any tariffs developed pursuant to subsection (b) of this section for six years. At the end of the tariff term pursuant to subparagraph (B) of subdivision (2) of subsection (b) of this section, residential customers that elected the option pursuant to said subparagraph shall be credited all cents-per-kilowatt-hour charges pursuant to the tariff rate for such customer for energy produced by the Class I renewable energy source against any energy that is consumed in real time by such residential customer.

(3) For any tariff established pursuant to this section, the authority shall examine how to incorporate the following energy system benefits into the rate established for any such tariff: (A) Energy storage systems that provide electric distribution benefits, (B) location of a facility on the distribution system, (C) time-of-use rates or other dynamic pricing, and (D) other energy policy benefits identified in the Comprehensive Energy Strategy prepared pursuant to section 16a-3d.

Further, subsections (d) and (e) of Conn. Gen. Stat. § 16-244z state:

(d) In accordance with subsection (h) of section 16-245a, the authority shall determine which of the following two options is in the best interest of ratepayers and shall direct each electric distribution company to either (1) retire the renewable energy certificates it purchases pursuant to subsections (a) and (b) of this section on behalf of all ratepayers to satisfy the obligations of all electric suppliers and electric distribution companies providing standard service or supplier of last resort service pursuant to section 16-245a, or (2) sell such renewable energy certificates into the New England Power Pool Generation information system renewable energy credit market. The authority shall establish procedures for the retirement of such renewable energy certificates. Any net revenues from the sale of products purchased in accordance with this section shall be credited to customers through a nonbypassable fully reconciling component of electric rates for all customers of the electric distribution company.

(e) The costs incurred by an electric distribution company pursuant to this section shall be recovered on a timely basis through a nonbypassable fully reconciling component of electric rates for all customers of the electric distribution company. Any net revenues from the sale of products purchased in accordance with any tariff offered pursuant to this section shall be credited to customers through the same fully reconciling rate component for all customers of such electric distribution company.

B. OBJECTIVES FOR THE RESIDENTIAL TARIFF

At the onset of the public process to establish the Residential Tariffs adopted herein, the Authority sought to promulgate objectives to guide the development and successful implementation of the Residential Tariffs to ensure that the tariffs, and the associated program, are designed to achieve the state's policy and other stakeholder goals. Through the Notice of Docket Timeline and Notice of Technical Meeting dated September 14, 2020, the Authority outlined three primary objectives for the Residential Tariffs. Specifically, the Notice stated the following regarding the objectives and relative importance of those objectives for the Residential Tariffs:

[T]he Authority understands that a multitude of objectives exist. The Authority recognizes the following three to be the most important: (1) the sustained, orderly development of the state's solar industry; (2) achieving a 100% zero carbon electric grid by 2040;⁶ and (3) balancing ratepayer costs.

Notice, dated September 14, 2020, p. 2.

The same notice also invited stakeholders to "comment or provide presentations on the above statement and the objectives of the residential tariffs during the [September

⁶ See, Executive Order No. 3, <https://portal.ct.gov/-/media/Office-of-the-Governor/Executive-Orders/Lamont-Executive-Orders/Executive-Order-No-3.pdf%20rel>.

25, 2020] Technical Meeting.” *Id.*, p. 2. The Authority received three presentations on the objectives of the Residential Tariffs, one each from the CGB, Vivint Solar,⁷ and Eversource,⁸ and subsequently facilitated a discussion during the September 25, 2020 Technical Meeting on the objectives listed in the September 14, 2020 Notice and the associated stakeholder presentations. *Tr.*, dated September 25, 2020, pp. 3-58. No docket Participant or stakeholder provided public comments, testimony, or evidence during the course of the above-captioned proceeding disputing the primacy of the three objectives listed by the Authority in the September 14, 2020 Notice.

During the September 25, 2020 Technical Meeting, stakeholders suggested additional specifications and refinements to the three objectives listed above. Notably, with respect to the sustained orderly development of the state’s solar industry, the CGB stated that the five-year annual average megawatt (MW) deployment of residential solar in Connecticut was approximately 50 MW for the most recent five-year period, with 74 MW deployed in 2016. The CGB further stated that 50 MW per year should be viewed as a floor moving forward, contending that the CGB “would agree that we want to see more done per year.” CGB Presentation, dated September 25, 2020, p. 4; *Tr.*, dated September 25, 2020, pp. 38-40. Vivint Solar also stated that Connecticut will need to install between 300 to 600 MW of behind-the-meter solar per year to meet the state’s goal of a 100% zero carbon electric grid by 2040, of which residential solar will need to make up “100, 150, 200 [MWs per year].” Vivint Solar Presentation, dated September 25, 2020, p. 3; *Tr.*, dated September 25, 2020, pp. 53-54, 57-58. Additionally, with respect to balancing ratepayer costs, DEEP, CIEC, and OCC articulated the importance of balancing participant costs and benefits with non-participant costs and benefits and/or system costs and benefits. *Tr.*, dated September 25, 2020, pp. 23-24, 48.

Some stakeholders also suggested additional objectives during the September 25, 2020 Technical Meeting. Specifically, Vivint Solar proposed a fourth objective in its presentation to “increase solar access for disadvantaged/[low-to-moderate income (LMI)] communities.” Vivint Solar Presentation dated September 25, 2020, p. 5. The CGB echoed this proposed objective in its presentation. CGB Presentation dated September 25, 2020, pp. 8-9. Both Eversource and Vivint suggested broadening this objective beyond increasing access to the Residential Tariffs to LMI customers by also prioritizing program simplicity and customer disclosure forms to protect customers and encourage program accessibility more generally. OCC and DEEP both supported the inclusion of an additional objective prioritizing customer accessibility for any new Residential Tariff program. *Tr.*, dated September 25, 2020, pp. 56-58.

⁷ During the course of the above-captioned proceeding, but after September 25, 2020, Sunrun finalized its merger with Vivint Solar. In reference to joint comments or presentations, the Authority refers to these docket Participants as Sunrun-Vivint.

⁸ See, in order, CGB Presentation, dated September 25, 2020, [http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/1e8f3364b95229a8852585ed006a127e/\\$FILE/Connecticut%20Green%20Bank_PURA_Docket%20No.%2020-07-01%20092520.pdf](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/1e8f3364b95229a8852585ed006a127e/$FILE/Connecticut%20Green%20Bank_PURA_Docket%20No.%2020-07-01%20092520.pdf); Vivint Solar Presentation, dated September 25, 2020, [http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/9586949d9e36dd35852585ec00680b42/\\$FILE/20-07-01%20Vivint%209-25%20Tech%20Meeting%20Presentation.pdf](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/9586949d9e36dd35852585ec00680b42/$FILE/20-07-01%20Vivint%209-25%20Tech%20Meeting%20Presentation.pdf); and Eversource Presentation, dated September 25, 2020, [http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/1ebe07b496f398f7852585ed0056b160/\\$FILE/PA%2019-35%20Sec%203%20Tech%20Session.pdf](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/1ebe07b496f398f7852585ed0056b160/$FILE/PA%2019-35%20Sec%203%20Tech%20Session.pdf).

Based on the foregoing, the Authority developed the following objectives to guide its development of the Residential Tariff established in this Interim Decision:

- The sustained, orderly development of the state's solar industry, ensuring at a minimum that Connecticut's annual historical deployment of residential solar is maintained (i.e., approximately 50-60 MW per year);
- Achieve a 100% zero carbon electric grid by 2040, including by promoting additional annual deployment of residential renewable energy as needed;
- Balance participant costs and benefits with non-participant costs and benefits and electric system costs and benefits;
- Ensure program accessibility for customers, by providing customer protections both explicitly through resources and disclosure forms, and also through simplified program and tariff designs; and,
- Encourage increased inclusivity overall, as well as program participation by LMI customers and customers in environmental justice communities.

The above objectives shall also guide the EDCs in their administration of the Residential Tariffs and Residential Tariff program established herein.

C. CURRENT STATUS OF THE RESIDENTIAL SOLAR INVESTMENT PROGRAM

Since 2011, the CGB has administered the Residential Solar Investment Program (RSIP) to provide financial incentives for residential homeowners to install solar photovoltaic (PV) systems on their own premises. The RSIP was substantively updated in 2015, 2016, and finally in 2019. The 2019 update increased the installation threshold that would trigger the program's end from 300 MW to 350 MW before December 31, 2022. As of September 1, 2020, approximately 344 MW, or over 43,000 projects, have been approved through the RSIP, with 304 MW, or over 38,000 projects, having been deployed. CGB Written Comments, Attachment 3, dated November 18, 2020.

Consequently, the Authority received written comments filed by the CGB on September 17, 2020 in Docket No. 17-12-03RE09, which included an implicit motion request that the Authority continue to allow the aggregation of renewable energy credits (RECs) from residential solar PV systems by the CGB following the expiration of the RSIP.⁹ The Authority addressed this request for continued REC aggregation by posting the CGB's September 17, 2020 written comments as a Motion for CGB Residential Solar REC Aggregation in the instant docket, as well as in Docket No. 17-12-03RE09. On October 15, 2020, the Authority issued a ruling permitting the CGB to continue to aggregate the RECs associated with residential solar PV systems, in anticipation of reaching the 350 MW of approved capacity of the RSIP. In its ruling, the Authority authorized the CGB to aggregate RECs associated with any residential solar PV systems to which the CGB provides an incentive before January 1, 2022, the statutory start date of the Residential Tariffs. Ruling to Motion No. 16, dated October 15, 2020.

⁹ See, Motion No. 16, dated September 17, 2020, CGB Residential Solar REC Aggregation; See also, Docket No. 17-12-03RE09, Motion No. 18, dated September 17, 2020, CGB Residential Solar REC Aggregation.

As a result of the Authority's October 15, 2020 motion ruling, the CGB continues to provide incentives in support of the residential solar PV market. The CGB continues to administer RSIP incentives in an effort to stabilize the market following the economy-wide impacts of COVID-19 and to ensure a smooth transition to the Residential Tariffs, thereby allowing the Connecticut General Assembly to separately discuss an expansion of the RSIP during the 2021 legislative session, if they so choose. CGB Written Comments, dated November 18, 2020, p. 8.

III. RESIDENTIAL SOLAR TARIFFS DESIGN AND IMPLEMENTATION

A. TARIFF STRUCTURES

Conn. Gen. Stat. § 16-244z(b)(2) requires that residential customers¹⁰ be offered the option of a “buy-all” and a netting tariff beginning January 1, 2022, for a term not to exceed twenty years, specifically stating:

On and after January 1, 2022, each electric distribution company shall offer the following options to residential customers for the purchase of products generated from a Class I renewable energy source that is located on a customer's own premises and has a nameplate capacity rating of twenty-five kilowatts or less for a term not to exceed twenty years: (A) A tariff for the purchase of all energy and renewable energy certificates on a cents-per-kilowatt-hour basis; and (B) a tariff for the purchase of any energy produced and not consumed in the period of time established by the authority pursuant to subparagraph (C) of subdivision (1) of this subsection and all renewable energy certificates generated by such facility on a cents-per-kilowatt-hour basis. . .

Conn. Gen. Stat. § 16-244z(c)(1)(B) requires that the EDCs offer any tariffs developed pursuant to § 16-244z(b) for six years, or through December 31, 2027.

Herein, the Authority uses the term “‘buy-all’ tariff” to mean “[a] tariff for the purchase of all energy and renewable energy certificates on a cents-per-kilowatt-hour basis” and the term “netting tariff” to mean “a tariff for the purchase of any energy produced and not consumed in the period of time established by the authority.” Based on the analysis of tariff structures presented below, the Authority directs the EDCs to establish a netting tariff with a monthly netting interval and a flat “buy-all” tariff, both with terms of 20 years. Together, these tariffs are the Residential Tariffs.

1. “Buy-All” Tariff

Under a “buy-all” tariff, the EDCs will purchase all renewable energy production and associated RECs taking service under the applicable Residential Tariff at a set rate. Both the renewable energy production and RECs under a “buy-all” tariff are metered separately from a residential customer's electricity consumption.

¹⁰ Herein “residential customer” means a customer of a single-family dwelling or a multifamily dwelling consisting of two to four units, pursuant to Conn. Gen. Stat. § 16-244z(b)(2).

The Authority received presentations, written comments, and information regarding the various “buy-all” structures, such as a flat “buy-all” (i.e., a fixed compensation rate over the 20-year tariff term) and escalated “buy-all” structures, from interested stakeholders. Eversource described the various structures, features, and transactions under different “buy-all” structures and provided a simple example of a flat versus escalated “buy-all” structure with residential Rate 1. Eversource Presentation, dated October 20, 2020, p. 16. Similarly, UI presented several options of “buy-all” structures and noted similar presentations provided for the Authority in other dockets. UI Presentation, dated October 20, 2020, pp. 16–24. With respect to implementation costs, Eversource estimated that it would cost approximately \$1.1 million and take 12 months to make the necessary billing system changes, including design, development, and testing of a new service plan, and the creation of processes to support the reconciliation and payments of credits to customers to implement a flat “buy-all” structure. Eversource response to Interrogatory CAE-15, Attachment 1, dated November 6, 2020. UI did not provide an estimated timeline or cost for implementing a “buy-all” tariff in response to the Authority’s inquiry requesting both, instead stating that the implementation of a “buy-all” tariff “would be straightforward and not require changes to UI’s existing billing system if it aligns with UI’s current rate class structures, given that two meters would be required.” UI response to Interrogatory CAE-15, dated November 19, 2020.

Other stakeholders provided presentations and comments on potential “buy-all” structures. Notably, the CGB recommended a flat rate “buy-all” tariff that adequately compensates the residential end-use customer so that they may recover the cost of the renewable energy system and receive a rate of return that is just, reasonable, and adequate. CGB Written Comments, dated November 18, 2020, p. 8. While the Authority received other comments and presentations, no Participants or stakeholders objected to a flat “buy-all” tariff structure and none voiced support for another “buy-all” structure.

The Authority finds that a flat “buy-all” structure with a fixed rate over the 20-year term will have the least cost on the EDCs to implement – and thus, ratepayers – and is relatively straightforward for potential customers participating in the new program, in line with the fourth and fifth Residential Tariff objectives.¹¹ Eversource estimates a cost of \$1.1 million over a 12-month timeline to implement a flat “buy-all”, while UI expects no changes to its existing billing system, given that two meters will be required. Both EDCs discussed various technical configurations that would be acceptable for a renewable energy system taking service under a “buy-all” Residential Tariff. As such, the Authority will order the EDCs to work with the solar industry to develop configurations acceptable to both the industry and the EDCs. The Authority will also order the EDCs to provide resources and training to renewable energy developers once such configurations are established to ensure that the acceptable configurations are well documented and understood.

2. Netting Tariff Interval(s)

Under a netting tariff, both renewable energy production and a residential customer’s electricity consumption are metered together, using a bi-directional meter. All renewable energy production consumed within the established netting interval is

¹¹ See, Section II.B. Objectives, p. 7.

financially netted against the appropriate rate components under a customer's applicable tariff. All renewable energy production not consumed within the established netting interval is compensated at an established rate. Conn. Gen. Stat. § 16-244z(b)(1)(C) provides that the period of time for the netting interval for the Residential Tariff program "shall be either (i) in real time, (ii) in one day, (iii) in any fraction of a day not to exceed one day, or (iv) in any period of time greater than one day up to and including one month."

The Authority received presentations on October 20, 2020 and written comments on November 18, 2020 from the EDCs on the implementation costs and timeline for various netting intervals, such as monthly (full and partial retail rate), daily, on-peak/off-peak, hourly, and instantaneous netting intervals.¹² During the October 20, 2020 Technical Meeting, the EDCs also described how their billing systems would need to be changed for each netting interval. Based on the presentations and written comments of the EDCs, an instantaneous netting or a monthly netting interval are the lowest cost netting intervals to implement. The tables below provide a summary of the estimated cost and timeline for the necessary billing system change, which include the creation of an account profile, new service plans (rates), revenue reporting, a bill statement, and the generation of incentive files to assist in managing the participant incentive payment process. Eversource Presentation dated October 20, 2020, p. 5.

Eversource Netting Intervals Options

| Netting Options | Cost Estimates | Timeline Estimates |
|---|-----------------------------|--------------------|
| Monthly (Full/Partial) Netting | >\$970,000 | 14 months |
| Instantaneous / Real-Time Netting | \$1,000,000 | 12 months |
| Daily, on-peak/off-peak, Hourly Netting | * See DN 17-12-03RE02 - AMI | |

Eversource Presentation dated October 20, 2020, pp. 5 - 7.¹³

UI Netting Intervals Options

| Netting Options | Cost Estimates | Timeline Estimates |
|---|--------------------------|--------------------|
| Monthly (Full/Partial) Netting | >\$500,000 | >8 months |
| Instantaneous / Real-Time Netting | \$500,000 | 8 months |
| Daily, on-peak/off-peak, Hourly Netting | \$700,000 to \$1,800,000 | 8 to 12 months |

UI Presentation dated October 20, 2020, p. 5.

¹² The submitted cost and timeline estimates of possible netting interval options are based on the assumption that billing, prices, and rates remain consistent with the current net metering billing configuration.

¹³ See, Eversource Proposal in Docket No. 17-12-03RE02, [PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Advanced Metering Infrastructure \(AMI\)](#). As stated in Eversource's Advanced Metering Infrastructure Business Case and Implementation Plan, availability of interval data will enable Eversource to customize billing periods based on customer preferences rather than on meter reading schedules set by the Company. Costs would be assumed in this implementation. In the AMI docket, Eversource is seeking \$975 million in capital to support the deployment of AMI to 1.2 million residential, commercial, and industrial electric end-use customers.

In response to CAE-5, Eversource stated that instantaneous netting provides a transparent and easy to understand structure that could be implemented using current metering and billing processes with modest changes. However, in its written comments, Eversource stated that it supports either a monthly netting or a real-time netting interval. Eversource Written Comments, dated November 18, 2020, p. 4. During its October 20, 2020 presentation, UI asserted that instantaneous netting has the lowest administrative costs and offers the least complex billing relative to the other netting options. UI Presentation, dated October 20, 2020, p. 9.

The Authority also received presentations and written comments from interested stakeholders on the advantages and disadvantages of the different netting intervals, including which netting interval best aligns with the state's public policy goals and any best practices from other states. Sunrun-Vivint expressed concern with instantaneous netting due to the complexity in anticipating customer economics. Sunrun-Vivint argued that under monthly net metering, the value proposition of investing in a solar system is relatively straightforward and understandable for typical utility customers. Sunrun-Vivint response to Interrogatory CAE-5, dated September 22, 2020. Sunrun-Vivint concluded that a monthly netting interval should be implemented given the existing metering infrastructure, the lack of real-time information available, the complexities associated with estimating granular usage patterns, consumer protection concerns, and the need for the state to increase deployment of behind-the-meter solar to meet a zero carbon electric grid by 2040. *Id.* In its October 20, 2020 presentation, Sunrun also argued that a monthly netting interval is agnostic to other price signals or desired behavior, allowing the Authority and/or the EDCs to layer time-of-use rates, demand response programs, and energy efficiency measures on top of the Residential Tariffs. Sunrun Presentation, dated October 20, 2020, p. 4.

In its written comments, Eversource agrees that monthly netting is likely easier for customers to understand and creates greater certainty for customers purchasing or leasing PV systems. Eversource Written Comments, dated November 18, 2020, p. 4. Similarly, UI acknowledges the complexity in providing estimated bill savings to customers with an instantaneous netting interval, stating in its response to CAE-6, "Without the EDC metering and billing systems and the generator metering systems acting in a synchronous manner at a data gathering interval sufficiently short to approximate real-time power flow measurements, instantaneous netting cannot be rigorously implemented on a specific customer basis." UI response to Interrogatory CAE-6, dated September 28, 2020.

Further, both the CGB and Save the Sound also support a monthly netting interval. Specifically, Save the Sound asserts that a monthly netting interval provides the benefits of predictability and transparency by aligning the netting period with the regular monthly billing cycle. Save the Sound response to Interrogatory CAE-6, dated September 29, 2020. Separately, the CGB notes that third-party owners (TPOs), like Sunrun, currently represent 75% of the installed solar PV market in Connecticut and, thus, it is important for the netting interval structure to work for TPOs. CGB Written Comments, dated November 18, 2020, p. 3. The CGB also recommends a monthly netting interval as it can accommodate an electric storage incentive program similar in design to its "Solarize Storage" proposal submitted in Docket No. 17-12-03RE03, PURA Investigation into

Distribution System Planning of the Electric Distribution Companies – Electric Storage.¹⁴
Id., p. 4.

Based on the foregoing, the Authority finds that an instantaneous netting tariff currently presents a significant barrier to the deployment of behind-the-meter solar PV systems for residential customers in Connecticut. Further, the implementation cost and timeline for instantaneous netting is similar to monthly netting. In accordance with the fourth Residential Tariff objective,¹⁵ the netting interval should not only seek to minimize costly changes to the EDCs' billing systems and metering infrastructure, but should also be easy for customers to understand and provide customers with the ability to reasonably estimate the economics of their solar PV system before purchase or signing a lease. Indeed, a netting interval that is not compatible with estimating system economics and individual customer benefits would likely impede, if not entirely prohibit, robust customer participation. Finally, a monthly netting interval preserves the ability to send customer price signals to change their intraday usage through time-varying rates and to incentivize the deployment of electric storage through a performance-based incentive program.

Regarding the netting tariff export rate, Eversource suggests that the exported power rate for the netting tariff should be set to the currently applicable retail rate (less non-applicable charges). Eversource Written Comments, dated November 18, 2020, p. 4. The Authority agrees and orders the EDCs to apply the applicable retail rates, except as discussed in Section D., to exported power produced under the netting tariff.

Both EDCs have stated that they could deploy a monthly netting interval option within 14 months of the Authority's Interim Decision on the new tariff design. The EDCs estimate the associated cost to be approximately \$500,000 and \$970,000 for UI and Eversource, respectively. Given the above information, the Authority will order the EDCs to begin accepting applications for the Residential Tariffs on January 1, 2022, pursuant to Conn. Gen. Stat. § 16-244z(b)(2), with the EDCs' billing systems ready to accommodate renewable energy projects interconnected and energized under the Residential Tariffs on or before April 1, 2022. The Authority will also order the EDCs to undertake all reasonable efforts to make their billing systems ready to accommodate renewable energy projects taking service under the Residential Tariffs interconnected and energized before April 1, 2022, so long as it does not significantly increase administrative costs. In accordance with Conn. Gen. Stat. § 16-244z(e), all billing and information technology system costs associated with implementation of this section of the Interim Decision will be subject to a full prudence review in the applicable Rate Adjustment Mechanism proceeding (e.g., 21-01-03 or 21-01-04).¹⁶

¹⁴ Solarize Storage, CGB Straw Proposal in Docket No. 17-12-03RE03, dated July 31, 2020, [http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/0e1649cbe07eeac1852585b6005faf9c/\\$FILE/Connecticut%20Green%20Bank Solarize%20Storage Docket%20No.%2017-12-03\(RE03\) Proposed%20Design.pdf](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/0e1649cbe07eeac1852585b6005faf9c/$FILE/Connecticut%20Green%20Bank%20Solarize%20Storage%20Docket%20No.%2017-12-03(RE03)%20Proposed%20Design.pdf).

¹⁵ See, Section II.B. Objectives, p. 7.

¹⁶ Neither EDC has provided substantiation for their cost estimates to date (\$500,000 and \$970,000 for UI and Eversource, respectively). Ultimately, the EDCs bear the burden of proof of the reasonableness and prudence of any costs incurred.

3. Tariff Credits

Under the current net metering tariff rider for both EDCs, customers receive kilowatt-hour (kWh) credits for any renewable energy generation in excess of their monthly consumption. These kWh credits are rolled over from month to month between April and March of the following year. Any kWh credits remaining at the end of the tariff year, March in this case, are paid out by the EDCs to customers at the wholesale price of energy (i.e., average ISO New England Inc. locational marginal price) and reset to zero for the next 12-month period.

Moving forward, Eversource advocates for excess credits to be dollar denominated and based on current retail rates (less non-applicable charges). Eversource Written Comments, dated November 18, 2020, p. 5. Eversource contends that as project systems are required by statute to be sized to annual household load, credits should be carried forward as long as the customer's account remains open without a cash-out option. Id. If the Authority decides to implement a credit cash-out, Eversource suggests that the cash-outs be allowed no more than once in a three-year period and that the cash-out rate should be limited to the average applicable Standard Service supply rate for the preceding three-year period. Id. Eversource claims that any cash out provisions would increase program administration costs. Id.

Eversource further contends that incentive payments to third parties should be allowed; however, such payments must be designated by the owner of the project system. Eversource Written Comments, dated November 18, 2020, p. 5. Eversource also suggests that the EDCs should be allowed to charge a nominal administrative fee for any re-designation of the project payee after the initial project interconnection in order to offset program administration costs. Id. Furthermore, in order to limit program administrative costs, Eversource suggests that the tariff payments should be made on a quarterly basis. Id. Eversource states that a quarterly process is consistent with current REC market minting cycles and aligns with the payment processes for existing Eversource programs in Connecticut. Id.

UI recommends that on-bill credits carry-over from billing period to billing period until either used to offset new charges, requested for cash-out by the customer, or the account is terminated. UI Written Comments, dated November 18, 2020, p. 5. UI also recommends that payments to third parties be made in full each monthly billing period, as opposed to quarterly as suggested by Eversource. Id.

The December 18, 2020 joint correspondence from Sunrun, SolarConn, SunPower (Solar Parties), and Eversource (Joint Correspondence) largely agrees with the above statements made by Eversource, stating: "Monetary bill credits that carry forward until the customer's account is closed would provide the simplest and most beneficial option for customers while keeping the economic incentive in place to ensure systems are sized to a household's needs." Correspondence, dated December 18, 2020, p. 3.

While the CGB concurs that a monthly rollover of customer bill credits is appropriate, the CGB believes that a cash-out payment at the end of the year is also appropriate. CGB Written Comments, dated November 18, 2020, p. 3. In short, the CGB advocates for a monthly netting interval with credits carrying over month-to-month towards an annual reconciliation. *Id.*, p. 14.

The Authority understands the above-cited stakeholder commentary and analysis to be offered primarily in the context of the netting tariff. As the Solar Parties have agreed to monetary bill credits that indefinitely rollover (i.e. no option for pay out) and due to the ease and limited cost in administering such a monetary credit system,¹⁷ the Authority will direct the EDCs to implement monetary bill credits for the netting tariff that cannot be cashed out unless a cash out is requested at the time a customer terminates their service. The Authority will direct the EDCs to include specific terms and conditions regarding this cash out under the netting tariff in the draft tariffs and program documents ordered below.

The above direction does not resolve the treatment of (1) separate REC payments for renewable energy systems taking service under the netting tariff, *if* authorized for a given program year, or (2) the rollover of monetary credits generated by renewable energy systems taking service under the “buy-all” tariff, which are discussed in the next section.

4. Direct Payment

Through the Notice dated October 26, 2020, the Authority required presentations by the EDCs at the November 3, 2020 Technical Meeting on the cost and implementation of on-bill payment or direct payment. At that Technical Meeting, the Authority also held a discussion with stakeholders on the various compensation structures and available payment options.¹⁸ While the EDCs have the ability to offer basic on-bill repayment functionality, both raised concerns over the risks this option poses to customers as well as the costs of modifications needed to enhance the core billing systems and statutes for on-bill financing. However, the EDCs fundamentally concurred that a direct payment option can potentially reduce risks to lenders and customers. *Tr.*, dated November 3, 2020.

The Authority also received a presentation by the CGB during the November 3, 2020 Technical Meeting discussing the importance of on-bill payment or direct payment options in reducing risk to renewable energy project capital providers and lowering system financing. The CGB stated that on-bill payments or direct payments would support the Authority’s key objectives, including increasing access to the Residential Tariff for LMI families and vulnerable communities. CGB Written Comments, dated November 18, 2020, p. 13. Overall, the CGB supports the EDCs having the ability to assign a payment and split payments from the tariff to a third-party financier and believes this would be a sufficient mechanism to attract low-cost and long-term private capital investment. *Id.* The CGB also advises that the new systems be able to support the implementation of public policy and meet the objectives of PURA for the tariff policy, which should include

¹⁷ See, the fourth Residential Tariff objective to balance ratepayer costs, Section II.B. Objectives, p. 7.

¹⁸ See, *Tr.*, dated November 3, 2020, pp. 115-117;124-125, for the EDCs’ discussion of a potential direct payment that splits the Residential Tariff compensation between the customer and a third party.

accommodating on-bill financing mechanisms such as the solar tariff, including any adders. Id., p. 14.

The OCC supports the use of on-bill financing to reduce costs for financing residential solar projects and to expand access to solar for LMI customers to the extent that it can be accomplished without incurring substantial IT and administrative costs. OCC Written Comments, dated November 18, 020, p. 4. However, the OCC voiced concerns that on-bill financing in other contexts has apparently resulted, in a limited number of cases, in customers receiving shut-off notices in situations where the customer was delinquent in financing payments, but current with electric service payments. Id. It is the OCC's understanding that all stakeholders are in agreement that shut-offs should never be implemented as a mechanism for resolving delinquent financing payments, but the OCC cautions that great care should be taken, in both bill design and collections practices, to avoid even the suggestion that customers may be subject to shut-offs for failure to maintain current financing payments. Id.

The Authority understands the above-cited stakeholder commentary and analysis to be offered primarily in the context of any separate REC payments authorized under the netting interval for a given program year, as discussed later in the Interim Decision, and also with respect to the "buy-all" tariff option. The record suggests that stakeholders generally agree on the importance of providing all residential customers with accessible and more affordable financing options that reduce the risks to customers and lenders while minimizing the costs to integrate the options into the new tariff structure. As such, the Authority finds direct payments to be in accordance with the fifth Residential Tariff objective to increase overall inclusivity and access to LMI customers.¹⁹

Therefore, with respect to any separate REC payments authorized under the netting tariff, the Authority will order the EDCs to allow customers the choice of either receiving direct REC payments themselves on at least an annual basis²⁰ or allowing the payments to be made to a third party. Separately, with respect to the "buy-all" tariff, the Authority will order the EDCs to allow customers the choice of assigning a portion of the "buy-all" tariff compensation (e.g., a set percentage of the compensation rate) to a third party. Any portion of the "buy-all" tariff compensation not assigned to a third party shall be credited on a customer's applicable monthly bill. Further, as the "buy-all" tariff rate is likely to be higher than the retail rate in the near term²¹ and, thus, total compensation for renewable energy systems may be in excess of a customer's annual electricity bill in the near term, the Authority will order the EDCs to offer a cash out on at least an annual basis at the full applicable Residential Tariff rate for customers taking service under the "buy-all" tariff. The Authority will direct the EDCs to include specific terms and conditions regarding this cash out under the "buy-all" tariff in the draft tariffs and program documents ordered below.²²

¹⁹ See, Section II.B. Objectives, p. 7.

²⁰ Customers receiving REC payments directly shall not receive such payments as a monetary bill credit.

²¹ See, Section III.D.

²² The EDCs may choose to implement Eversource's recommendations outlined in its written exceptions regarding Bill Credit Cash Outs for the "buy-all" tariff, provided full details are included in the September 2, 2021 program and compliance filings ordered below. See, Eversource Written Exceptions, dated February 4, 2021, pp. 5-6.

All designated third party payments discussed in this section shall be made quarterly. If the customer chooses to allow payments to be made to a third party, the EDCs shall require certification by the customer. The EDCs may charge a nominal administrative fee for any re-designation, including any changes in the portion of the “buy-all” tariff compensation assigned to a third party, requested subsequent to the initial project interconnection. All fees, including the re-designation fee, shall be clearly revealed in the customer disclosure form discussed below.

Lastly, given the potential negative impacts discussed above regarding customer protection and increased costs,²³ the Authority declines to direct the EDCs to incorporate an on-bill repayment structure at this time, apart from the direct payments authorized above.

5. System Size Specifications

The December 18, 2020 Joint Correspondence suggests that the Authority “explore appropriate options within the requirements of the legislation to allow for sizing systems based on planned or recent increases in electric usage given broader state-wide efforts to promote vehicle electrification and fuel switching.” Joint Correspondence, dated December 18, 2020, p.3. The relevant portion of Conn. Gen. Stat. § 16-244z(b)(2) states:

Such generation projects shall be sized so as not to exceed the load at the customer's individual electric meter from the electric distribution company providing service to such customer, as determined by such electric distribution company.

The Joint Correspondence states that not allowing a cash out of netting credits maintains “the economic incentive in place to ensure systems are sized to a household’s needs.” *Id.*, p. 3. The Authority agrees with this assertion; however, this economic incentive does not apply to any REC payments authorized under the netting tariff and does not exist at all under the “buy-all” tariff. Accordingly, the Authority will direct the EDCs to conduct a simple screen of the historical load of the residence during the Residential Tariff application process. The EDCs shall allow the proposed renewable energy system to be sized up to the highest historical load of the residence over the prior five years. Further, in order to promote the state’s policy goals with respect to vehicle electrification and fuel switching as noted by stakeholders in the above-captioned proceeding, the EDCs shall allow the system to be sized based on the historical load parameters above *plus* a reasonable approximation of the annual load of two electric vehicles and, for non-electric heating customers, a reasonable approximation of the incremental electric load associated with fuel switching. These approximations may be applied to each Residential Tariff application and do not have to be unique or specific to each application or customer. The EDCs may require documentation to demonstrate that systems sized above the highest historical load over the prior five years are sized as such to accommodate the addition of electric vehicles or fuel switching. The Authority will require the EDCs submit to PURA for review, modification, and approval the approximations of incremental load associated with electric vehicles and fuel switching that the EDCs plan to use in the required screening, and any other requirements and processes associated with systems sized in excess of historical load.

²³ See, the third and fourth Residential Tariff objectives regarding cost and consumer protections, Section II.B. Objectives, p. 7.

For Residential Tariff applications in which a customer is also applying for new service, the EDCs shall determine a process for establishing a reasonable approximation of the expected load at that location. The EDCs may require documentation during such process and may require the load to materialize at that location before executing the Residential Tariff Agreement with the customer, so long as administrative costs are minimized. The Authority will require the EDCs to submit these processes for review, modification, and approval.

Pursuant to Conn. Gen. Stat. § 16-244z(b)(2), the EDCs shall not approve any Residential Tariff for a renewable energy system unless it is located on a residential customer's own premises and has a nameplate capacity (kW_{AC}) of 25 kW or less.

B. NEW/EXISTING METERING EQUIPMENT, COMMUNICATION CAPABILITIES, AND METER OWNERSHIP

The Authority received presentations on October 20, 2020 and written comments by the EDCs on the metering requirements of the different netting intervals options, including but not limited to, a discussion on the reporting, access, and ownership of any metering infrastructure and meter data. For the netting tariff and “buy-all” structures, the EDCs stated that the physical metering configuration that they presently own (a bi-directional meter for utility billing purposes and a revenue-grade meter for RECs origination) does not need to change in order to implement the Residential Tariffs. Moreover, based on existing equipment and communication capabilities, both EDCs do not believe that any changes to the current data collection and billing processes will be necessary to implement a netting tariff with a monthly interval.²⁴

Eversource stated that all utility-owned tariff meters (both production and revenue) are certified to meet industry and company metering standards accompanied by the Authority's existing rules that provide ratepayers the ability to dispute meter reads. Eversource Presentation, dated October 20, 2020, p. 10; Eversource Written Comments, dated November 18, 2020, p. 3. With respect to TPO or customer-owned meters, Eversource asserts that collecting, storing, and integrating meter data from TPO or customer-owned meters would require the development of new infrastructure, policies, and procedures, potentially at significant cost, while also increasing implementation timelines. Id. Eversource estimates the upfront and ongoing costs associated with TPO or customer-owned meters, including changes to the EDCs' internal systems, to be over \$3,000 per meter. Id., p. 13. Eversource contests that customers and TPOs using customer or TPO-owned meters should bear all costs of the related IT infrastructure investments required to integrate TPO and customer-owned meters into the EDC systems. Eversource Written Comments, dated November 18, 2020, p. 3. Eversource also stated that customers taking service under the new netting tariff should bear the additional costs for the production meter. Id. However, Eversource affirms that no additional costs should be required for replacing a customer's revenue meter with a net meter, if required. Id.

²⁴ See, Eversource response to Interrogatory CAE-14, dated November 19, 2020; UI response to Interrogatory CAE-14, dated November 19, 2020.

Similar to Eversource, UI asserts that all meters should be owned by the utility. UI response to Interrogatory CAE-1, dated September 15, 2020. Further, during their November 3, 2020 presentation, UI posed several questions regarding the metering of the Class I RECs generated by the renewable energy production systems under the Residential Tariffs. UI Presentation, dated November 3, 2020, p. 4. Specifically, UI requested that the Authority make a determination as to whether the EDCs will be responsible for measuring the RECs, or if such responsibility would fall to a third party, such as the CGB. Id. UI recommends that it is appropriate for the systems to be required to use UI-owned revenue and generation meters in order to be able to track any customer generation and to address any customer questions. Id. Similar to the existing LREC/ZREC program, UI-owned meters measure the production from the generation asset; that meter read is uploaded to NEPOOL GIS for the creation of RECs. Id.

The Authority also received presentations and written comments from other docket Participants and stakeholders on the metering requirements for different netting intervals, as well as the reporting, access, and ownership of any metering infrastructure and meter data. The CGB expressed support for the EDC perspective on meter ownership so long as the EDCs' costs of acquiring, setting up, and maintaining these systems is made available to the public on an ongoing basis. CGB Written Comments, dated November 18, 2020, p. 5. The CGB also recommends that there be a separate meter (separate from the EDC revenue meter) to independently measure Class I REC generation, given the importance of the objective of achieving a 100% zero carbon electric grid by 2040. Id., p. 9. While the CGB believes that EDC ownership of the production meter makes sense, the CGB also supports giving the industry an opportunity to further explain the advantages to all parties of using a third party, as opposed to a utility-owned, meter. Id.

Overall, representatives of the solar industry expressed opposition to EDC ownership of the production meter. Sunrun-Vivint argued that requiring a utility-owned production meter would increase system costs and suggests that the EDCs be required to accept revenue-grade inverter data in lieu of an additional meter. Sunrun-Vivint Presentation, dated October 20, 2020, slide 5; Sunrun-Vivint Written Comments, dated November 18, 2020, pp. 8 and 9. Sunrun-Vivint stated that requiring the EDCs to utilize inverter data is a simple and cost-effective solution for system reporting, which will reduce costs for both customers and the EDC while also ensuring the reporting requirements are compatible with customer preferences and any EDC requirements approved by PURA. Id. However, in the December 18, 2020 Joint Correspondence, the Solar Parties and Eversource agreed that: "If a separate production meter is required, the cost of the meter should be assessed to the customer." Joint Correspondence, dated December 18, 2020, p. 2.

First, the Authority concurs with the CGB that specific meters for all renewable energy systems taking service under the Residential Tariffs, either in the form of the metering capabilities of an advanced inverter or a separate revenue-grade meter, should be required for the purposes of tracking the state's progress towards a 100% zero carbon electric grid.²⁵ Additionally, Conn. Gen. Stat. § 16-244z(d) provides the Authority with the following options for the treatment of the RECs generated by renewable energy systems

²⁵ See, the second Residential Tariff objective regarding a 100% zero carbon electric grid, Section II.B. Objectives, p. 7.

deployed through the Residential Tariffs: “either (1) retire the renewable energy certificates it purchases [through the LREC/ZREC successor program and the Residential Tariffs] on behalf of all ratepayers to satisfy the obligations of all electric suppliers and electric distribution companies providing standard service or supplier of last resort service pursuant to section 16-245a, or (2) sell such renewable energy certificates into the New England Power Pool Generation information system renewable energy credit market.” Whichever option the Authority selects necessitates that the RECs generated by the renewable energy systems taking service under the Residential Tariffs are measured. As such, the Authority orders the EDCs to require the metering of production from renewable energy systems under the Residential Tariffs.

Second, although the Authority generally favors the promotion of newer uses of technology to reduce costs to customers and lower barriers to entry for renewable energy programs, based on the current record evidence, PURA does not find that diverging from the current system utilized by the EDCs for other utility-administered renewable energy programs (i.e., the use of utility-owned production meters) would result in significant cost savings to ratepayers as the EDCs would be required to make significant changes to their back-end systems (e.g., information technology, billing, etc.) in order to integrate TPO or customer-owned metering data into the Residential Tariff program. Therefore, the Authority will order the EDCs to require a separate, utility-owned production meter of all renewable energy systems taking service under both the netting and “buy-all” Residential Tariffs, until such a time as ordered otherwise. The Authority will further order the EDCs to publicly disclose the costs of setting up and maintaining the REC metering equipment, as well as the customer acquisition costs, on their respective Residential Tariff websites, as ordered later in this Interim Decision, updating the information at least annually.

The Authority is open to the selective use of inverter data for specific applications under the Residential Tariff program²⁶ and is willing to revisit the use of inverter data for the Residential Tariff more broadly and other programs in the future, provided that the solar industry works with the EDCs to understand how inverter data may be integrated into the EDCs’ back-end systems. As Sunrun notes in their written exceptions,²⁷ any energy storage program established through Docket No. 17-12-03RE03 may result in the use of inverter data integrated with the EDCs’ Distribution Energy Resource Management System. Accordingly, the Authority will direct the EDCs to provide an explanation of how and why the same functionalities cannot be utilized for the Residential Tariff program. The Authority will also require the EDCs to consult the solar industry prior to filing such explanation.

Third, based on the Joint Correspondence and in keeping with the third Residential Tariff objective to balance participant and non-participant costs,²⁸ the Authority will order the EDCs to recover all equipment costs associated with the required REC production meters from participating customers. Simply put, the Authority will require customers participating in either Residential Tariff to pay for the REC production meter equipment and to transfer ownership of the REC meter to the appropriate EDC. No part of the REC

²⁶ All such applications must be clearly defined and described through the program documents and wiring diagrams ordered as compliance filings below and are subject to the Authority’s review and approval.

²⁷ See, Sunrun Written Exceptions, dated February 4, 2021, pp. 3-5.

²⁸ See, Section II.B. Objectives, p. 7.

meter equipment costs shall be paid for by non-participating customers nor shall it be included in the EDCs' rate base or reconciling mechanisms for the purposes of ratemaking. If the EDC requires the Residential Tariff customer's revenue meter to be changed, the EDC shall follow the previous Authority-approved process for cost recovery for such metering expenditures. The Authority encourages the EDCs to use the Residential Tariff program as an opportunity to expediently and cost-effectively update and upgrade customers' revenue meters.²⁹

Fourth and last, the Authority will require the EDCs to maintain records of and data associated with the RECs generated by the renewable energy systems taking service under the Residential Tariffs. Further, until such a time as the Authority determines otherwise, the EDCs shall sell the RECs into the New England Power Pool Generation information system renewable energy credit market and pass the revenues through the reconciling mechanism discussed later in this Interim Decision.

C. PROGRAM ADMINISTRATION

By the Notice of Technical Meetings dated October 7, 2020, the Authority requested that the CGB present at the November 3, 2020 Technical Meeting on how the current RSIP is administered, what program administration elements the CGB recommends be carried-over into the new Residential Tariff program, and what level of involvement or role the CGB suggests that they have in the future implementation of any Residential Tariffs established herein. By the same Notice, the Authority required the EDCs to present at the November 3, 2020 Technical Meeting on the expected responsibilities, implementation timeline necessary to successfully administer the new Residential Tariff program, and expected annual costs of such program administration.

The CGB's November 3, 2020 presentation illustrated a six-part process in administering the RSIP with an overview of each step: (1) contractor/TPO qualification; (2) incentive application; (3) project completion; (4) inspections and compliance; (5) incentive payments; and (6) REC monetization. CGB Presentation, dated November 3, 2020, p. 5. The CGB presentation focused on specific areas of importance within the overall process of the RSIP administration, such as, contractors/TPO qualification, customer participation (i.e., incentive application, project completion, inspection and compliance, and incentive payment), and Class I REC monetization. *Id.* The CGB recommends that the following top five RSIP elements be carried-over to the new successor tariff:

- Ensuring easy and affordable access by LMI customers through a tariff adder;
- Requiring energy assessments (e.g., Home Energy Solutions – HES) as part of the process;
- Managing consumer protections and coordinating with appropriate agencies (e.g., Department of Consumer Protection);
- Instituting program guidelines and contractor qualification; and
- Collecting appropriate data (i.e., installed costs) to support tariff rate setting.

²⁹ Nothing in this Section or sentence shall be construed as pre-approval of any costs incurred by the EDCs. The EDC must seek cost recovery of their reasonably and prudently incurred costs at a later date in the appropriate Authority proceeding. The EDCs bear the sole burden of proof of the reasonableness and prudence of all costs incurred.

The CGB also presented additional recommendations for considerations to carry-over to the new successor tariff, including:

- Making program information available online;
- Providing sufficient staffing resources for contractor guidance and customer inquiries;
- Clarifying the ownership of RECs and other tradeable commodities;
- Tracking and valuing all RECs; and
- Considering rental properties in the future tariff structure through the assignability of the tariff.

Regarding the role that the CGB may play in the implementation of the Residential Tariffs, the CGB offered three possible considerations within the administration of LMI and battery storage. Id., p. 9. First, the CGB could continue to serve vulnerable communities by reducing the burden of energy costs through solar PV and energy efficiency. Id., p. 10. Second, the CGB could offer to provide capital to LMI families and communities of color through an on-bill financing mechanism (e.g., direct payment and splitting of tariff payments). Third, the CGB could administer an upfront battery storage incentive program as proposed in its “Solarize Storage RFPD” submitted in Docket No. 17-12-03RE03. Id. However, given the uncertainties of the EDC roles in supporting the residential solar PV market and the CGB’s experience with program administration, the CGB offers to support PURA in determining whatever role it could serve to support the successful launch and implementation of the tariff, as long as its costs are recoverable. Id., p. 12.

Eversource’s November 3, 2020 presentation provided an overview of the role the company could serve in the implementation and execution of the Residential Tariffs based on its experiences in Massachusetts with the Solar Massachusetts Renewable Target (SMART) program and the various roles of the state government versus the EDC in the SMART program. Eversource Presentation, dated November 3, 2020, pp. 2-12. Eversource asserts that the simplest approach to administering the tariff is to integrate any tariff application requirements into the EDC’s existing interconnection process, and to the extent possible, a one-step application process should be sufficient with installers submitting all tariff-required information and documentation as part of the initial interconnection application. Eversource Written Comments, dated November 18, 2020, p. 3. Eversource believes that leveraging its existing PowerClerk interconnection portal and extending its capabilities will reduce redundant installer data entry while also limiting the time needed to launch the program. Id. If the tariff application requirements are streamlined and limited, Eversource could maintain an approach in which its staff will review and qualify tariff applications in-house alongside the existing interconnection process. Id., p. 4. Based on cost-causation principles, Eversource also supports a tariff application fee in order to partially or wholly defray incremental program administration costs. Id. Similarly, the December 18, 2020 Joint Correspondence from the Solar Parties and Eversource advocates for “[i]ncorporating qualification for the successor tariff into the existing interconnection process” and “[a] reasonable application fee to cover administrative costs.” Joint Correspondence dated December 18, 2020, pp. 2-3.

UI's November 3, 2020 presentation raised a number of outstanding questions concerning the administrative process and the role that the EDCs should have along with a draft residential tariff for discussion. UI Presentation, dated November 3, 2020, pp. 2-16. UI laid out its view of the following key elements of a residential successor program:

- New Residential Tariff and Tariff Agreement with customer;
- Residential Tariff Application Portal;
- Residential Tariff Eligibility Review;
- Execution of New Residential Tariff Agreement;
- Start Date for New Tariff Rate (Billing adjustments, etc...); and
- Application fees.

Given the expected number of interested customers and the need to determine eligibility, UI claims that a customer application portal may be necessary. Id., p. 8. UI presented the following four options to determine customer eligibility through an application portal:

- **Option 1:** If only eligibility is residential rate code – no application portal necessary.
- **Option 2:** Application Portal could be modelled after existing LREC/ZREC application process for eligibility screening.
- **Option 3:** UI could partner with a third-party administrator to create and manage such portal.
 - Other jurisdictions have been successful with this approach - Initial development fee and remaining costs may be covered through application fees.
- **Option 4:** CGB to continue to administer RSIP Portal.

Sunrun-Vivint also provided a presentation at the November 3, 2020 Technical Meeting. Sunrun-Vivint emphasized the importance of simplicity and utilizing existing processes when possible. Sunrun-Vivint Presentation, dated November 3, 2020, p. 2. For context, Sunrun-Vivint used the SMART program as an example of a program that, while well intentioned, is extremely complicated, adding administrative burdens on all entities. Id. In general, Sunrun-Vivint was supportive of the CGB providing responsive contractor support as part of the Residential Tariff program administration. Sunrun-Vivint also supported a similar application process between the EDCs, a reasonable application fee, and dedicated contacts and resources. Id. In response to the November 3, 2020 Technical Meeting, Sunrun-Vivint stated that any eligibility criteria the Authority deems necessary should be incorporated into the EDCs' existing interconnection process and that a separate screening or incentive reservation or claim process is not necessary. Sunrun-Vivint Written Comments, dated November 18, 2020, p. 13.

In written comments following the November 3, 2020 Technical Meeting, the OCC asserted that efforts to minimize administrative costs for the Residential Tariff program are imperative. OCC Written Comments, p. 3. The OCC states that application fees should be required to cover the costs associated with processing applications and approving facilities for eligibility under the tariff. Id. The OCC concurs that synergies with other existing and planned programs should be explored to minimize costs to ratepayers. Id. The OCC also believes that consideration should be given to a statewide administrator for the program as a way to potentially reduce administrative costs. Id.

In keeping with the third and fourth Residential Tariff objectives to balance non-participant costs and ensure consumer protections,³⁰ the Authority supports a program structure that limits administrative costs as much as is practicable while also appropriately balancing consumer and ratepayer protection needs. Thus, the Authority generally supports leveraging existing systems and processes where possible. Further, the Authority concurs with the CGB that energy assessments (i.e., HES) should be required as part of the Residential Tariff program and will order the EDCs to include it in the program eligibility requirements.³¹ Additional directives regarding the administration of the Residential Tariff program are included in the subsections below.

1. Program Administration Roles

Derived from the list provided by the CGB in their November 3, 2020 presentation describing the RSIP administration process, the Authority establishes the following buckets to categorize the administration of the Residential Tariff program: (1) program education and contractor services; (2) Residential Tariff application and review; (3) Residential Tariff Agreement execution; (4) inspections and compliance; (5) ongoing Residential Tariff payments; and (6) REC monetization.

The EDCs shall be exclusively responsible for program administration buckets (2), (3), (5), and (6). With respect to bucket (1), the Authority will require the EDCs to update their respective websites to, in a new section devoted to the Residential Tariffs, provide all relevant information regarding the “buy-all” and netting Residential Tariffs for interested residential customers and renewable energy contractors, and to ensure that all information provided on such website remains up-to-date throughout the program. The Authority will also require the EDCs to develop, and update as necessary, resources for customers and renewable energy contractors to easily participate in the program. Further, based on the written exceptions provided by DEEP, the Authority directs the EDCs to include links, references, and resources directing customers to the Connecticut Hydrogen and Electric Automobile Purchase Rebate program³² and the air-source heat pump rebate program on the Residential Tariff program website and other program resources, as appropriate.

The Authority has several specific requests of the CBG. First, the Authority respectfully requests that the CGB support the EDCs in developing the Residential Tariff program rules, guidelines, and other documents and procedures, where possible and appropriate. As discussed at the end of this section, the Authority will re-open this proceeding to help foster discussions regarding program administration. Second, the Authority requests in the below subsections that the CGB work with the EDCs to develop a full list of data fields to be collected and/or recorded and to share appropriate data release clauses for use in Residential Tariff program documents. Last, the Authority requests that the CGB continue to function as a resource for renewable energy developers, officially serving as a consultant with the Authority’s Office of Education, Outreach, and Enforcement (EOE) addressing renewable energy contractor and

³⁰ See, Section II.B. Objectives, p. 7.

³¹ Specifically, the Authority will order the EDCs to require HES audits before a renewable energy system is energized and begins taking service under the Residential Tariffs.

³² See, <https://portal.ct.gov/DEEP/Air/Mobile-Sources/CHEAPR/CHEAPR---Home>.

developer questions, auditing submitted customer disclosure forms (discussed *infra*), and performing other duties related to the education and oversight of renewable energy contractors participating in the Residential Tariff program. Subsection 5, *infra*, further outlines the scope and manner of the Authority's proposed engagement with the CGB regarding the Residential Tariff program.

Any Residential Tariff program administration roles not specifically delineated herein shall be the responsibility of the EDCs.

2. Residential Tariff Application Process and Web Portal

Eversource argues that the simplest approach to oversee the tariff is to integrate any tariff application requirements into the EDC's existing interconnection process. Eversource Written Comments, dated November 18, 2020, p. 4. Eversource suggests that the addition of a few extra fields and several new document upload requirements into the existing interconnection portal may be the most efficient program administration approach. *Id.* Eversource contests that implementation of a separate, state-wide portal, as is done in Massachusetts, requires installers to enter redundant information in both systems and further creates a disconnect between the incentive and interconnection processes that has proven confusing to customers. *Id.* UI concurs that a customer application portal may be necessary to determine eligibility. UI Presentation, November 3, 2020, slide 8. UI presented an option, "Option 2", that the application web portal could be modelled after the existing LREC/ZREC application process for eligibility screening. *Id.* In the December 18, 2020 Joint Correspondence, the Solar Parties agree with the above positions of the EDCs.

Based on the foregoing, the Authority finds that the Residential Tariff program does not necessitate a separate screening process or incentive claim process that would require a third party administered application portal. Rather, as suggested by Eversource and supported by the Solar Parties, the Authority will order the EDCs to incorporate the application process for both Residential Tariffs into their existing interconnection process. To the extent possible, a one-step application process should be designed to leverage the EDCs' existing interconnection capabilities (e.g., PowerClerk or other software) by allowing customers and contractors to submit all tariff-required information and documentation at once. The Authority understands this direction to most closely align with UI's "Option 2". However, the EDCs may explore some version of UI's "Option 1" or "Option 3" should they be able to demonstrate the reasonableness and prudence of such an approach at a later date through the appropriate Authority proceeding.

Regardless of whether "Option 1", "Option 2", or "Option 3" is implemented, both EDCs shall provide the same information on their respective Residential Tariff application webpage(s) or portal as the other EDC. Further, the application "form" included on each EDC's webpage(s) or portal shall be identical in substance, requiring that the same information and documents be submitted, and as similar in format to the other EDC's as practicable. Additionally, the Authority will order the EDCs to develop together the Residential Tariff(s) and Tariff Agreement form. The EDCs shall jointly file the Residential Tariff(s) and Tariff Agreement form for the Authority's review, modification, and approval. The EDCs shall treat the renewable energy systems taking service under the Residential Tariff as a "load reducer" consistent with the RSIP and the Shared Clean Energy Facility

program,³³ and shall incorporate all such necessary language in the Residential Tariff(s) and Tariff Agreement form to reflect this treatment.³⁴ The EDCs may include language similar to that included by the CGB for use with the RSIP.³⁵

3. Customer Disclosure Form

The purpose of a customer disclosure form is to clarify critical information to help customers better understand the Residential Tariff and TPO agreements they are signing, including, but not limited to, whether it is a Power Purchase Agreement (PPA) or lease, fixed or escalated rate over a specified term, possible security filings, what will happen if the customer sells the home, and other such critical details. SolarConn, SunPower, Sunrun-Vivint, DEEP, OCC, and Eversource all expressed support for a customer disclosure form in response to CAE-19 or through the December 18, 2020 Joint Correspondence. The Joint Correspondence states, in part: “Consumer disclosure forms have become a standard component of many robust solar markets in the country. Well-crafted disclosure forms help customers compare quotes from solar installers and ensure customers understand the key terms of their contracts.” Joint Correspondence, dated December 18, 2020, p. 3.

Thus, in keeping with the fourth Residential Tariff objective to ensure appropriate customer protections,³⁶ the Authority will order the EDCs to adapt the SMART program “Guideline on SMART Consumer Protection” document, as well as the “Small System Customer Disclosure Form (Third-party Ownership)” and the “Small System Customer Disclosure Form (Direct Ownership)” documents for use in Connecticut with the Residential Tariffs.³⁷ The EDCs shall submit all three forms, for the Authority’s review, modification, and approval. The Authority will invite stakeholder comment on all three documents before issuing a final ruling. The EDCs shall require the completion of the customer disclosure form for the Residential Tariff application and shall ensure that the form is clearly visible on the EDC’s Residential Tariff webpage(s).

Additionally, the Authority will order each EDC to develop a customer education and information webpage that shall, at a minimum, include the average installed cost (\$/W) and PPA or lease price (\$/kWh) for all Residential Tariff applications accepted by the EDC over the preceding 6-month period, as well as current and historical retail rates

³³ Subject to change and/or modification in Docket No. 17-12-03RE03 for solar plus storage systems.

³⁴ See, Docket No. 19-07-01, Ruling to Motion No. 8, dated March 13, 2020, p.2.

³⁵ See, Residential Solar Investment Program (RSIP) and Residential Solar Incentive Program Extension (RSIP-E) Terms and Conditions Agreement, dated October 19, 2020, https://ctgreenbank.com/wp-content/uploads/2020/10/RSIP_RSIP_E_TermsConditions_101920_Fillable.pdf. Specifically, See p. 1: “The Green Bank shall be entitled to all Renewable Energy Certificates (RECs) and any other tradable energy or environmental-related commodity produced by or associated with the PV system during its useful life, including but not limited to greenhouse gas credits, emissions credits, tradable carbon credits, capacity rights and all other types of tradable project-related commodities however named that are presently known or designated or created in the future, including the potential for such commodities to be sold into renewable portfolio standard compliance markets in New England.”

³⁶ See, Section II.B. Objectives, p. 7.

³⁷ See, in order, <https://www.mass.gov/doc/guideline-on-smart-consumer-protection/download>, <https://www.mass.gov/doc/small-system-customer-disclosure-form-third-party-ownership>, and <https://www.mass.gov/doc/small-system-customer-disclosure-form-direct-ownership>.

for the customer to compare their pricing and savings in real-time. The Authority will order that such website be updated at least monthly. Customers shall be required to electronically acknowledge that they have reviewed the material on the customer education and information webpage as part of Residential Tariff application process.

4. Application Fee

An application fee is an important way to ensure that non-participating customers do not incur undue administrative costs associated with the development and implementation of the Residential Tariff program.³⁸ Eversource states that costs for managing the application web portal could be recovered through the tariff application fees. Eversource Written Comments, dated November 18, 2020, p. 4. The OCC supports application fees “to cover the costs associated with processing applications and approving facilities for eligibility under the tariff.” OCC Written Comments, dated November 18, 2020, p. 3. UI also supports an application fee, believing that “performance assurance and/or an application fee is appropriate to ensure that selected projects perform their obligations.” UI Written Comments, dated November 18, 2020, p. 6. Lastly, the Solar Parties agreed to a “reasonable application fee” in the December 18, 2020 Joint Correspondence.

Accordingly, the Authority will order the EDCs to develop an application fee to cover the estimated administrative costs associated with processing applications and approving facilities for eligibility for the six-year Residential Tariff program. The EDCs shall submit a proposed application fee and associated calculations for the Authority’s review, modification, and approval. In the same filing, the EDCs may also propose change order fees or any other fees related to changes made after the initial Residential Tariff application authorized in Section III.A., so long as a robust rationale for the proposed fee and fee level are provided.

5. Inspections, Audits, and Contractor Education and Enforcement

a. Inspections

With respect to requiring self-inspection information and photos or requiring third-party inspections under the Residential Tariff program, the Authority does not have sufficient evidence to order such measures at this time. In response to CAE-18, the CGB recommends that the Authority reserve the right to conduct project inspections at a later date. CGB response to CAE-18, dated November 19, 2020. Accordingly, the Authority will direct the EDCs to retain the right for the Authority, DEEP, the EDCs, and the CGB to conduct document or site inspections at a later date. Further, the Authority will direct the EDCs to adapt the SMART program language quoted below for use in the Residential Tariff, retaining the inspection and audit rights of the parties listed above. The EDCs shall include the adapted provisions in all relevant program guidance documents, forms, tariffs, and resources.

³⁸ See the third Residential Tariff objective regarding balancing non-participant costs, Section II.B. Objectives, p. 7.

20.10: Inspection

- (1) Document Inspection. The Department may audit the accuracy of all information submitted pursuant to 225 CMR 20.00. The Department may request and obtain from any Owner or Authorized Agent of a Solar Tariff Generation Unit, and from any Distribution Company information that the Department determines necessary to monitor compliance with and enforcement of 225 CMR 20.00.
- (2) Audit and Site Inspection. Upon reasonable notice to a Solar Tariff Generation Unit Owner, or Authorized Agent, the Department may conduct audits, which may include inspection and copying of records and/or site visits to a Solar Tariff Generation Unit's facilities, including, but not limited to, all files and documents that the Department determines are related to compliance with 225 CMR 20.00.

225 CMR 20.00: Solar Massachusetts Renewable Target (SMART) Program, dated August 25, 2017, p. 20, <https://www.mass.gov/doc/225-cmr-2000-solar-massachusetts-renewable-target-smart-program/download>.

b. Audits and Contractor Education and Enforcement

The Authority will open an annual proceeding to effectuate any enforcement activities necessary to address complaints brought to the Authority's attention, as well as any material defects in the customer disclosure forms received by the EDCs. The proceeding will also serve as the administrative record for the Authority to provide official guidance regarding any renewable energy contractor and developer questions.

The Authority will follow a four-tier process in enforcing the Residential Tariff program rules and addressing any misleading marketing of the Residential Tariff program. If EOE becomes aware of a breach of the program rules it considers serious, or multiple instances of the same contractor providing misleading information to customers regarding the Residential Tariff program, EOE shall issue a letter to the contractor in question outlining the violation and informing the contractor of the ramifications of continued violations. EOE shall file the letter in the annual Residential Tariff contractor education and enforcement docket. If EOE becomes aware of a second breach of the program rules it considers serious, or continued instances of the contractors providing misleading information, EOE shall submit a motion for the Authority to ban the contractor in question from the Residential Tariff program for 6 months. EOE shall continue this process for additional breaches and instances of providing misleading information, with the second motion requesting an 18-month ban and the third motion requesting a permanent ban.

If agreed to by the CGB, the Authority plans to retain the CGB as a consultant pursuant to Conn. Gen. Stat. § 16-18a to assist EOE in matters related to the annual Residential Tariff contractor education and enforcement docket. The CGB's duties would include, but may not be limited to, aiding EOE by: proactively answering contractor questions by developing resources, holding trainings, and maintaining relevant information on the GoSolarCT.com website in collaboration with EOE and the EDCs; conducting an annual audit of a subset of customer disclosure forms, with at least one from each renewable energy contractor; interfacing with the Department of Consumer Protection and EOE to understand customer complaints regarding the Residential Tariff program; drafting warning letters to contractors and motions for the Authority's

consideration regarding contractor violations; and, providing information to customers in vulnerable and environmental justice communities about contractors participating in the Residential Tariff program.

6. Data Collection and Annual Reporting Requirements

On November 5, 2020, the Authority issued CAE-21 to the EDCs, the CGB, the OCC, and DEEP requesting the following:

Provide a list of unique data (i.e., data not collected elsewhere such as through the EDCs' interconnection process) that should be collected by the program administrator for each project that requests service under the new residential tariff program. Point to applicable programs (e.g., Residential Solar Investment Program, Massachusetts SMART, etc.) that collect the same data, where appropriate.

The Authority received substantive responses from Eversource, UI, the CGB, and DEEP. In its response to CAE-21, the CGB noted that in addition to the documentation uploaded by contractors (detailed in its November 3, 2020 presentation), RSIP has 312 data elements collected or generated by the Clean Power Research (CPR) PowerClerk platform, which can be grouped into the following categories:

1. Customer and contractor/TPO contact information;
2. Site information;
3. System and equipment information (PV System and alternating current energy system components can have multiple instances);
4. Inspection (checklist items related to verification of equipment and site information);
5. Incentive calculations and details;
6. Total installed cost and cost component data (enables categorization into hardware costs, labor and soft costs); and
- Administrative information (incentive processing, dates).

CGB response to CAE-21, dated November 19, 2020.

The CGB also provided recommendations regarding specific data fields the CGB believes would be useful to collect for the Residential Tariff program:

1. Utility approval to energize date;
2. Inspection information (if applicable);
3. Monitoring equipment information (such as utility-owned meter ID number, and type of monitor(s) if there are multiple models that may be used in the program);
4. System ownership (homeowner-owned, third-party owned);
5. LMI designation (if applicable);
6. Battery storage equipment fields (if a battery storage adder is implemented);
7. Energy audit documentation (important for collaborations between the tariff program and utility energy efficiency programs);

8. Financing information (for program evaluation and cross marketing with other utility offers);
9. Fields pertaining to multiple projects at the same site (in the case of a system addition/expansion), including indication of the RSIP project numbers for the projects at the same location;
10. A field that indicates whether an RSIP terms and conditions form was signed (for a tariff program, this would be a different form but could serve the same or other purposes);
11. A field for REC Type that tracks whether the RECs for the project have received Class 1 approval from PURA and have been monetized (and if so, through what program);
12. Tariff compensation fields such as type of tariff (e.g., BASA, UBS/netting option), tariff rate, tariff start and end dates, type of tariff payment and/or credit (if needed), tariff payee(s), payments made to date;
13. Fields pertaining to on-bill financing (if applicable), including direct payments and/or splitting of payments to residential end-use customers and third-party financiers; and
14. Meter installation and/or witness test date and information, in particular if inspection/auditing requirements are incorporated or added to existing utility interconnection processes.

CGB response to CAE-21, dated November 19, 2020.

In response to CAE-21, Eversource, UI, and DEEP, in order, also provided recommendations regarding specific data fields each believes would be useful to collect for the Residential Tariff program.

Eversource

1. Rate class;
2. Payment preference(s) – banking information or check address for making payments to appropriate entity;
3. Application fee collection (in addition to interconnection fees);
4. Proof of Low Income qualification(s);
5. Battery storage;
6. Participation in this program (checkbox to indicate the project wishes to be considered for this program);
7. Clarification of “residential” status (1-4 family home) – upload of documentation certifying 1-4 family home;
8. Completed W-9 form;
9. Customer disclosure form (if applicable);
10. REC assignment form;
11. Are there existing PV systems on the parcel?;
12. Is the proposed system replacing an inactive or decommissioned system?;

13. Are all system components new?;
14. Has the system been qualified for any other incentive program? If so, which one(s)?;
15. Incentive type: buy-all or netting tariff?;
16. Additional metering fee for netting tariff projects; and
17. Signature attesting that all submitted information is true to the best of the applicant's knowledge.

Eversource response to CAE-21, dated November 19, 2020.

UI

1. Seller Name – which is necessary to specify since the entity receiving the LREC/ZREC or SCEF payment may be different than the entity applying for interconnection;
2. Service ID Number;
3. Customer Rate Class;
4. Proposed Project Technology and description including fixed, tilt, etc.;
5. Alternative capacity factor to determine expected system output if the Seller does not want to use the default capacity factors, as provided in the CT DEEP Integrated Resource Plan;
6. Proposed Price (as necessary for a competitive procurement);
7. Banking Information since incentive payments are made directly to the Seller; and
8. Multiple project contact names, address, email and telephone for future contract requirements.

UI response to CAE-21, dated November 19, 2020.

DEEP

1. System size;
2. Address;
3. kWh energy and REC output, monthly and annual at a minimum, and more granular production data as available, depending upon the netting interval and metering configuration resulting from this proceeding;
4. Date accepted into the program;
5. Commercial operation date;
6. Solar contractor; and
7. Annual household income.

DEEP response to CAE-21, dated November 19, 2020.

The Authority will order the EDCs to collect and/or keep records of the following information at a minimum:

1. Total installed cost and cost component data (enable categorization into hardware costs, labor and soft costs);
2. PPA or lease price;
3. Utility approval to energize date;
4. Monitoring equipment information (such as utility-owned meter ID number, and type of monitor(s) if there are multiple models that may be used in the program);
5. System ownership (homeowner-owned, third-party owned);
6. LMI designation, census block data, and hardship status;
7. Energy audit documentation and/or other confirmation;
8. A field that indicates whether a Residential Tariff agreement was signed;
9. A field for REC Type that tracks whether the RECs for the project have received Class 1 approval from PURA and have been monetized (and if so, through what program);
10. Tariff compensation fields such as type of tariff (e.g., BASA, netting option), tariff rate, tariff start and end dates, type of tariff payment and/or credit (if needed);
11. Fields pertaining to direct payments and/or splitting of payments to residential end-use customers and third-party financiers;
12. Meter installation and/or witness test date and information;
13. Rate class;
14. Payment preference(s) – banking information or check address for making payments to appropriate entity;
15. Application fee collection (in addition to interconnection fees);
16. Battery storage;
17. Clarification of “residential” status (1-4 family home) – upload of documentation certifying 1-4 family home and/or attestation;
18. Completed W-9 form;
19. Customer disclosure form;
20. Are there existing PV systems on the parcel?;
21. Is the proposed system replacing an inactive or decommissioned system?;
22. Are all system components new?;
23. Has the system been qualified for any other incentive program? If so, which one(s)?;
24. Signature attesting that all submitted information is true to the best of the applicant’s knowledge;
25. Service ID Number;
26. Proposed project technology and description including fixed, tilt, etc.;
27. Capacity factor and system degradation to determine expected system output;
28. Multiple project contact names, address, email and telephone for future contract requirements;
29. System size (kW);

30. Address, including separate fields for town and zip code;
31. Actual kWh energy and REC output, monthly and annual at a minimum, and more granular production data as available;
32. Date accepted into the program; and
33. Solar contractor.

The EDCs shall work with the CGB to develop a full list of data fields to be collected and/or recorded. The EDCs and the CGB shall consult the solar industry as necessary. The EDCs shall submit for the Authority's review and approval the full list of data fields in the instant docket, as well as in the reopened proceeding discussed in the section below.

a. Annual Reporting Requirements

The CGB's fourth recommendation in its written comments submitted November 18, 2020 states:

[W]ith respect to data, since ratepayers are supporting the cost-recoverable investment by the EDCs in the improvement of their metering and billing systems, including for tariff implementation, the Green Bank believes that in the least, all solar PV production data should be made available to PURA, DEEP, OCC, and the participating residential end-use customers (including TPO's), on a real-time and downloadable basis. The data is the property of the customer whose solar PV system is producing power to be compensated for through the tariff. For receiving the tariff from ratepayers, and other incentives (e.g., investment tax credits) from taxpayers, customers should be willing to provide access to the data to the appropriate parties, including, but not limited to the EDCs (i.e., meter owners), PURA, DEEP, OCC, and the Federal Government (i.e., for research purposes).

Regarding customer usage data, the Green Bank recommends that current and historical usage data (of whatever granularity is being collected) should be available to customers, contractors, and all parties involved in program administration (so that contractors and customers can better anticipate customer economics for going solar, and after installation to assist with assessment of any real or perceived production vs usage issues). Consideration should be given to require customers to sign some type of data release form as part of the tariff implementation process. If requested, the Green Bank would be willing to provide examples of such data release forms for PURA.

CGB Written Comments, dated November 18, 2020, p. 6.

The Authority strongly agrees with the CGB's above statements and recommendation. As such, the Authority directs the EDCs to work with the CGB to include data release clauses in the appropriate Residential Tariff documents. Further, the EDCs shall provide the OCC, DEEP, CGB, and the Authority with access to the renewable

energy production data of those participating in the Residential Tariff program on a downloadable basis.

Additionally, on an annual basis, the EDCs shall jointly file, in the annual Residential Tariff program review and rate setting proceeding discussed below, three separate Excel workbooks using the same format and the exact same data fields as each other. One Excel workbook will include all of the information listed below for all approved Residential Tariff applications to date, one Excel workbook will include all the information aggregated and averaged by each of the preceding 12-months, and one Excel workbook with the information aggregated and averaged by project town for the preceding 12-months:

1. Historical annual, monthly, and hourly kWh dispatch (as available);
2. Total installed cost and cost component data (enables categorization into hardware costs, labor and soft costs);
3. PPA or lease price;
4. Utility approval to energize date;
5. System ownership (homeowner-owned, third-party owned);
6. LMI designation and census block data;
7. Tariff compensation fields such as type of tariff (e.g., BASA, netting option), tariff rate, tariff start and end dates, type of tariff payment and/or credit (if needed);
8. Fields pertaining to direct payments and/or splitting of payments to residential end-use customers and third-party financiers;
9. Rate class;
10. Battery storage;
11. Proposed Project Technology and description including fixed, tilt, etc.;
12. Capacity factor and system degradation to determine expected system output;
13. System size (kW);
14. Address, including town and zip code;
15. Date accepted into the program;
16. Solar contractor; and
17. Aggregate avoided emissions (CO₂, NO_x, SO_x).

Further, the Authority orders the EDCs to create a webpage that provides a summary of the above information for the Residential Tariff program aggregated and averaged on a rolling six-month average and aggregated and averaged by project town. The EDCs shall publish said website on or before January 1, 2023. The EDCs may combine this webpage with the customer education and information webpage discussed in Section III.C.3.

7. Cost Recovery Mechanism

Pursuant to subsection (e) of Conn. Gen. Stat. § 16-244z, “[t]he costs incurred by an electric distribution company pursuant to this section shall be recovered on a timely basis through a nonbypassable fully reconciling component of electric rates for all customers of the electric distribution company. Any net revenues from the sale of products purchased in accordance with any tariff offered pursuant to this section shall be credited to customers through the same fully reconciling rate component for all customers of such electric distribution company.”

The Authority will order the EDCs to maintain detailed, itemized records of all cost incurred in the establishment and implementation of the Residential Tariff program. The EDCs shall seek recovery of all reasonable and prudently incurred expenses in the applicable Rate Adjustment Mechanism proceeding (e.g., 21-01-03 or 21-01-04). All such expenses will be subject to a full prudence review. The EDCs bear the burden of proof of the reasonableness and prudence of all costs incurred. The EDCs shall provide a summary of each of the following categories of costs and revenues for the Residential Tariff program in each applicable RAM proceeding, with data for the previous calendar year: (1) REC incentive payments; (2) REC revenue; (3) EDC administrative costs; (4) fees collected; and (5) net Residential Tariff program costs or revenues based on (1) through (4).

8. RE01 – Residential Tariff Program Administration

The Authority will re-open this proceeding for the purpose of: (1) providing timely clarification of the orders and other directives contained herein; (2) receiving updates on the status of the EDCs’ collaboration with the CGB generally and the solar industry regarding program-specific wiring diagrams;³⁹ and (3) receiving updates from the EDCs regarding their progress towards the January 1, 2022 statutory deadline. The Authority will hold Technical Meetings in the re-opened proceeding not less than every two months to provide timely clarification, as needed, and to receive updates on the EDCs’ progress towards meeting the January 1, 2022 statutory obligation and the status of collaboration with the CGB and the solar industry. Such collaboration shall be guided by this Interim Decision, but shall not be constrained in any other way (i.e., creative solutions that achieve the stated Residential Tariff program objectives are encouraged within the boundaries set out in the Interim Decision). Should the EDCs require clarification of the orders and other directives contained herein, the EDCs shall explain the requested clarification at the Technical Meeting and file a Motion for Clarification detailing the requested clarification in writing. The Authority will subsequently provide clarification in writing. The Authority notes that the purpose of the re-opened proceeding is to clarify the Authority’s orders and directives to ensure timely and cost-effective implementation of the Residential Tariff program.

³⁹ See, Order No. 13.

D. SETTING THE “BUY-ALL” AND NETTING TARIFF RATE(S)

1. Rate Setting Approaches in Statute

Conn. Gen. Stat. § 16-244z(b)(1) provides the Authority with two options for setting the Residential Tariff rates, either “...based upon the results of one or more competitive solicitations issued pursuant to [§ 16-244z(a)], or on the average cost of installing the generation project and a reasonable rate of return that is just, reasonable and adequate, as determined by the authority.” In other words, the Authority may set the Residential Tariff rates based off the results of the competitive solicitations that will begin in January 2022 or based on the average cost of a renewable energy project plus a reasonable rate of return (“cost plus” approach). On August 28, 2020, the Authority issued the following interrogatory (CAE-8) to all docket Participants:

Based on subsection (b)(1) of Section 3 of Public Act 19-35, An Act Concerning A Green Economy and Environmental Protection (Public Act), and the Comprehensive Energy Strategy, the Authority understands that it must set the applicable tariff rate through either a ‘cost plus’ methodology or based on the results of one of more competitive solicitations issued pursuant to Section 1 of the Public Act to begin in 2022. Discuss how either or both approaches can be used to ensure that the State’s public policy goals are met, namely the sustained, orderly development of a state-based solar industry and a 100% zero carbon electric grid by 2040.

Subsequently, by Notice of Technical Meeting dated November 9, 2020, the Authority requested presentations by docket Participants and interested stakeholders at the November 20, 2020 Technical Meeting on appropriate methodologies for setting the “buy-all” and netting tariff rate. The Authority also indicated that it would facilitate a discussion at the November 9, 2020 Technical Meeting to discuss how either or both rate setting approaches in statute could be used to ensure the Residential Tariff program meets the objectives discussed at the September 25, 2020.

In response to CAE-8, Eversource initially argued that a “cost plus” approach is an imprecise means of establishing incentive rates that can result in either needlessly high ratepayer impacts or policies that under-incentivize markets. Eversource response to Interrogatory CAE-8, dated September 15, 2020. Eversource also stated that competitive procurements may not be appropriate for all project types and individual residential customers would likely find a competitive procurement process overly burdensome and impractical. *Id.* Eversource suggested an approach that indexes residential incentive rates to competitively established rates or an approach of a declining block incentive program with administratively set values may be appropriate. *Id.* However, Eversource concluded at the November 20, 2020 Technical Meeting that “[a] cost plus rate setting process, that balances potential ratepayer costs, is likely the most effective approach to setting rates for this program.” Eversource Presentation, dated November 20, 2020, p. 2.

The OCC asserts that a “cost plus” solution is better suited for the development of residential rates. OCC response to Interrogatory CAE-8, dated September 28, 2020. OCC states that a “cost plus” model using relevant data regarding installed costs and ongoing operating costs for residential solar in Connecticut, and reasonable assumptions

regarding financing costs, should yield a tariff rate that supports the deployment of residential solar in support of the state's public policy goals. Id. OCC claims that basing residential rates on the alternative solicitation approach creates several issues due to disparity in the size of the projects resulting in much lower pricing per kWh required for larger projects to achieve a fair return. Id. Moreover, according to OCC, any attempt to scale or adjust the competitively bid pricing for the size differences would likely utilize the same input data that would go into calculating tariff rates on a cost-plus basis, therefore rendering this approach unnecessary. Id.

DEEP also favors using a "cost plus" methodology as it allows for a smoother transition, including potentially setting the tariff rate at or near the existing incentive initially and can be tailored to ensure the incentive level is sufficient to encourage installations, particularly as deployment costs change over time, such as technology costs and federal tax incentives. DEEP response to Interrogatory CAE-8, September 15, 2020.

The CGB also recommends a method based on the average installed cost and reasonable rate of return. CGB Presentation, dated November 20, 2020, p. 5. Conversely, the CGB argues that basing the tariff compensation level on competitive procurements does not necessarily accomplish incentive cost savings if the submitted bids are high. The CGB also notes that procurement bids can be skewed and that the results may be difficult for industry to anticipate and plan for. Id. The CGB claims that setting the rate based on the average cost and ROR will provide adequate customer economics, enabling customer adoption in line with state policy goals. Id.

Both Save the Sound and Sunrun-Vivint caution against the limitations of both approaches. However, Save the Sound believes that it is possible that a "cost plus" approach can recognize the value of distributed energy resources within the definition of a just, reasonable, and adequate rate of return. Save the Sound response to Interrogatory CAE-8, dated September 29, 2020. Save the Sound believes that such an approach aligns well with several of the key strategies set forth in the 2018 Comprehensive Energy Strategy, including growing and expanding the deployment of all cost effective distributed generation. Id. Sunrun-Vivint state that careful consideration must be given to what costs are used for renewable energy system costs and how the reasonable rate of return is determined under a "cost plus" approach. Sunrun-Vivint response to Interrogatory CAE-8, September 22, 2020. Sunrun-Vivint state that the target rate of return and system inputs should be the primary means by which the state's goals can be translated into tangible policies to drive clean energy technologies. Id.

The Authority finds that a "cost plus" rate setting process is the most effective approach at this time. The Authority agrees with Sunrun-Vivint that that the target rate of return and system inputs should be the primary means by which the Authority ensures that the first objective of the Residential Tariff program to maintain, at a minimum, historical residential solar deployment is achieved.⁴⁰ Further, as discussed below, the Authority will initiate a robust stakeholder process to develop a specific "cost plus" model and methodology and a docketed annual rate review process to ensure that the Residential Tariff program delivers on the first three Residential Tariff program

⁴⁰ See, Section II.B. Objectives, p. 7.

objectives.⁴¹ If necessary and appropriate, the Authority may benchmark Residential Tariff rates against the results of the solicitations authorized pursuant to Conn. Gen. Stat. § 16-244z(a) at a later date.

Further, the Authority gave consideration to the draft findings of DEEP and PURA's joint study of the value of distributed energy resources issued on July 1, 2020, in Docket No. 19-06-29, DEEP and PURA Joint Proceeding on the Value of Distributed Energy Resources, in reviewing the Residential Tariff rate setting methodologies. As the draft report does not discuss, include, or evaluate either the cost of renewable energy systems in Connecticut or the average, typical, or necessary rate of return to ensure that the state achieves a 100% zero carbon grid, the Authority determined that it was not appropriate to incorporate any of the analysis from that draft study in this Interim Decision. However, the draft study is helpful in identifying categories of benefits that distributed energy resources provide that the state has yet to quantify and are not currently monetizable, most notably resilience and local economic development benefits and the locational value of distributed energy resources. The Authority understands that these benefits are immensely important and intends to explore further how they can be leveraged to greater effect. The Authority reserves the right to fully and explicitly incorporate such energy benefits into the Residential Tariff program at a later date pursuant to § 16-244z(b)(1), which provides that "[t]he authority may modify such rate for new customers under this subsection based on changed circumstances."

2. Residential Tariff Rate Setting Principles

The first three objectives of the Residential Tariff program to maintain, at a minimum, historical residential solar deployment (i.e. 50 - 60 MW per year), to increase deployment of residential renewable energy systems as needed to meet a 100% zero carbon grid, and to balance ratepayer costs, shall guide the Authority in setting the Residential Tariff rates in all future related proceedings.⁴² More specifically, those objectives will guide the Authority in establishing a just, reasonable, and adequate rate of return.

In their November 20, 2020 presentation, Eversource stated that "rates should be consistent/equivalent to current CT Green Bank residential incentive rates in order to sustain orderly market growth." Eversource Presentation, dated November 20, 2020, p. 3. One way to assess the equivalence of rates is to compare the rate of return of the cashflow provided to solar PV systems. In response to CAE-11, the CGB provided a summary of the average internal rate of return for systems installed through the RSIP in calendar years 2016-2020. CGB response to CAE-11, dated October 15, 2020, p. 2. Additionally, the CGB's September 25, 2020 presentation provided RSIP installed capacity by calendar year. CGB Presentation, dated September 25, 2020, p. 4. Table 1 combines the CGB's analysis provided in response to CAE-11 and the information provided on slide 4 of the CGB's September 25, 2020 presentation.

⁴¹ Id., the first objective is to maintain, at a minimum, historical residential solar deployment, the second objective is to increase deployment as needed to meet a 100% zero carbon grid, and the third objective is to balance ratepayer costs.

⁴² See, Section II.B. Objectives, p. 7.

Table 1: CGB Historical Residential Solar Rate of Return and MW Deployment

| | 2016 | 2017 | 2018 | 2019 | 4-Year Avg. |
|-------------------|------|-------|-------|-------|-------------|
| Statewide | 7.7% | 8.7% | 9.5% | 9.8% | 9.0% |
| Eversource | 7.3% | 8.0% | 8.9% | 9.3% | 8.4% |
| UI | 9.7% | 10.7% | 11.0% | 10.9% | 10.7% |
| Annual MW | 73.5 | 40.6 | 52.5 | 56.9 | 50.5 |

Further, the CGB stated at the November 20, 2020 Technical Meeting that a “10 percent [rate of return] is just, reasonable and adequate.” Tr., dated November 20, 2020, p. 67. The representatives from the solar industry and Save the Sound present at that Technical Meeting concurred with this conclusion. Tr., dated November 20, 2020, pp. 80-81, 84. Further, as highlighted in Table 1, a 10% rate of return is consistent with the most recent, statewide historical rates of return.

a. Rate of Return

Based on the above analysis, the Authority finds that a target rate of return of 10% for residential renewable energy systems is just, reasonable, and adequate *to achieve the first three objectives of the Residential Tariff program*.⁴³ Using the methodology established through a future process, as discussed below, the Authority will set the “buy-all” tariff rate to provide a rate of return of approximately 10%.⁴⁴

Similarly, the Authority will endeavor to set the total compensation provided by the netting tariff such that the rate of return is consistent with historical rates of return between 9% and 11%. As discussed in Section A., the Authority will authorize the netting tariff to utilize a monthly netting interval with exported power compensated at the applicable retail rate. This model effectively compensates all renewable energy generation under the Residential Tariff at the retail rate (i.e., full retail net metering). Due to the difference in retail rates between UI and Eversource, full retail net metering results in different rates of return for systems installed in the two service territories. For example, based on a simple cashflow model assuming no system financing, the Authority calculates the current internal rate of return for a solar PV project that does not receive the RSIP incentive to be between 7.5-8.0% for systems installed in Eversource’s territory and between 10.5-11.0% for systems installed in UI territory. In this case, the rate of return for projects in UI’s service territory are above the target rate of return of 10%, but the rate of return for projects in Eversource’s territory are significantly below historical rates of return.

⁴³ Specifically, the Authority finds an internal rate of return of 10%, consistent with recent rates of return based on the average cost of installing a residential solar PV project and the 20-year cashflow provided by ratepayer-funded programs, to be just, reasonable, and adequate to meet the objectives of maintaining historical deployment, achieving a 100% zero carbon grid, and balancing participant and non-participant costs. The Authority declines to set a rate of return pursuant to § 16-244z(b)(1) based on the assumption of debt financing. However, the Authority welcomes input on whether and how the methodology discussed in Section III.D.2.a. should calculate different rates for homeowner-financed and TPO-financed systems (e.g., taking into account Modified Accelerated Cost Recovery System depreciate for TPOs), as is currently the practice with the RSIP.

⁴⁴ Based on a simple cashflow model and the data provided by the CGB in the instant docket, the Authority calculates this rate to be \$0.29/kWh.

To ensure that projects installed under the Residential Tariff program receive compensation in-line with historical compensation and rates of return, and in order to achieve the first and second objectives of the Residential Tariff program,⁴⁵ the Authority will authorize separate REC payments by Residential Tariff program year by EDC service territory to provide systems with a projected rate of return of at least 9%. Any separate REC payments authorized will be provided for a 20-year term at a fixed rate.⁴⁶ The Authority will not authorize REC payments for 2022 at a rate higher than the current RSIP incentive rate.

Additionally, if the Authority calculates that full retail net metering will provide systems deployed in a given EDC service territory a rate of return at or near the target rate of return of 10% (i.e., between 9% and 11%), the Authority will not authorize separate REC payments, with the notable exception of the low income and environmental justice community adder outlined below.⁴⁷

Lastly, in accordance with the third Residential Tariff objective,⁴⁸ if the Authority calculates that full retail net metering will provide systems deployed in a given EDC's service territory a rate of return above historical rates (e.g., 11%), the Authority will authorize a fully non-bypassable charge⁴⁹ for systems deployed in that service territory such that the estimated rate of return is at or below 11% for that program year.⁵⁰ As discussed in written exceptions provided by both Eversource and Sunrun, a fully non-bypassable charge could take many forms.⁵¹ The Authority will order the EDCs to provide proposals for multiple fully non-bypassable charge designs, including at least one volumetric and one fixed charge design, and implementation cost estimates in the instant docket and Docket No. 20-07-01RE01 no later than January 1, 2022. All proposals shall be implementable by January 1, 2023. The Authority will invite stakeholder comment before issuing its approval of any proposal.

As discussed below, the Authority will evaluate the Residential Tariff rates and any separate REC payments for the following calendar year in an annual, docketed proceeding to ensure robust stakeholder input and dialogue.

⁴⁵ See, Section II.B. Objectives, p. 7.

⁴⁶ Based on a simple cashflow model and current retail rates, the Authority calculates that it would authorize a separate REC payment for systems installed in Eversource's territory of \$0.027/kWh.

⁴⁷ Based on a simple cashflow model and current retail rates, the Authority calculates that it would not authorize a separate REC payment for systems installed in UI's territory.

⁴⁸ See, Section II.B. Objectives, p. 7.

⁴⁹ For the purposes of this Interim Decision, "fully non-bypassable charge" means a charge that cannot be netted against behind-the-meter renewable energy production for the purposes of a customer's electric utility bill. Such charge can take the form of either a volumetric or a fixed rate specific to the applicable Residential Tariff customers. For reference to such a charge, See, Eversource Written Comments, dated November 18, 2020, p. 4; See also, Eversource response to Interrogatory CAE-7, dated September 15, 2020.

⁵⁰ The Authority will not authorize a fully non-bypassable charge for 2022 for either EDC service territory. The soonest a fully non-bypassable charge would be authorized would be for the tariff rates available starting January 1, 2023, and likely later for the tariffs authorized in Eversource's service territory.

⁵¹ See, Eversource Written Exceptions, dated February 4, 2021, pp. 3-5; See also, Sunrun Written Exceptions, dated February 4, 2021, p. 14.

3. Annual Residential Tariff Program Review and Rate Setting Proceeding

The Authority will initiate a docket annually to review the Residential Tariff program and set the Residential Tariffs rates, any separate REC payments, and any fully, non-bypassable charges for program applications received during the following calendar year.⁵² Typically, this docket will be initiated on or around August 1st of each year.⁵³ Simultaneously, the EDCs shall file the information required in Section III.C.6.a. in said docket on or around August 1st of each year (i.e., within one business day of August 1st). In their filing, the EDCs shall make public as much of the information as possible.

The Authority will use the docket as an opportunity to review key program metrics with stakeholders, such as MW deployed and LMI participation, and to ensure that the Residential Tariff program is on track to at least maintain historical deployment levels and to deliver a carbon free grid by 2040. Further, in accordance with the fifth Residential Tariff objective to encourage program inclusivity overall, as well as program participation by LMI customers and customers in environmental justice communities,⁵⁴ and in line with DEEP's written exceptions,⁵⁵ the Authority adopts a benchmark of 40% deployment amongst low income customers and LMI customers in economically distressed communities. The Authority may also evaluate annually the relative uptake under the netting and "buy-all" tariffs, whether the established rate of return continues to meet the Residential Tariff program objectives,⁵⁶ and programmatic costs and benefits.⁵⁷ Ultimately, the Authority will use the docket as an opportunity to explore programmatic changes, as necessary,⁵⁸ including those necessary to maintain historical deployment and the 40% benchmark established above.

Lastly, the Authority will also use the docket to evaluate the key data inputs, in addition to MW deployed, necessary to establish the annual Residential Tariff rates, any separate REC payments, and any fully, non-bypassable charges, following the principles established in Section III.D.2. Such data inputs shall be limited to: installed cost data collected through the RSIP, the Residential Tariff program, and other sources; equipment replacement and operations and maintenance costs; system performance data; and expected market changes (e.g., changes in the Investment Tax Credit). The Authority will schedule at least one Technical Meeting on the above program metrics and data inputs, including anticipated market changes. Based on stakeholder feedback, historical program MW deployment, and the data inputs provided, the Authority will calculate the Residential Tariff rates, any separate REC payments, and any fully, non-bypassable

⁵² All renewable energy systems approved under the Residential Tariff shall be "grandfathered" into the tariff rate and REC payments offered at the time their application was received. For example, if the "buy-all" tariff rate is set at \$0.29/kWh for 2022 and \$0.28/kWh for 2023, then any applications for the "buy-all" tariff received by the EDCs before January 1, 2023 shall be eligible for the \$0.29/kWh rate.

⁵³ The Authority anticipates designating this proceeding Docket No. XX-08-02 (e.g., 21-08-02, 22-08-02, etc.).

⁵⁴ See, Section II.B. Objectives, p. 7.

⁵⁵ See, DEEP Written Exceptions, dated February 4, 2021, pp. 1-4.

⁵⁶ See, Section II.B. Objectives, p. 7.

⁵⁷ See, OCC Written Exceptions, dated February 4, 2021, p. 11.

⁵⁸ Unless otherwise stated by the Authority, PURA will not entertain Motions for programmatic changes outside of the annual Residential Tariff program review and rate setting proceeding.

charges for Residential Tariff applications received the following year. In calculating these rates, the Authority shall use the calculation methodology established through the stakeholder process discussed below. The Authority will endeavor to issue the final tariff rates by early November of each year. Below is an illustrative docket schedule for 2022-2026:

- On or around August 1st – Docket initiation and EDCs file required data
- Early/Mid-September – Written comments and Technical Meeting
- Late September – Hearing
- Late October – Issuance of draft tariff rates
- Early November – Issuance of final tariff rates

a. 2021 Process to Establish “Cost Plus” Model or Methodology

For 2021, in addition to the above process outlined to set the Residential Tariff rates and any separate REC payments, the Authority will conduct a process to establish a methodology to calculate said tariff rates in keeping with Section III.D.2. The Authority will initiate such proceeding as soon as is practical upon the issuance of this Interim Decision. Through such proceeding, the Authority may only consider methodologies or models in line with the guidance provided in Section III.D.2.

During the November 20, 2020 Technical Meeting, the CGB, SolarConn, and DEEP expressed support for the use of the DEEP calculator, previously submitted in Docket No. 18-08-33, PURA Implementation of Section 7 of Public Act 18-50, as a starting point for a Residential Tariff rate calculation methodology. Tr., dated November 20, 2020. Accordingly, the Authority respectfully requests that DEEP submit a fully unlocked version of the DEEP calculator on or before March 1, 2021. Subsequently, the Authority will request that stakeholders provide modifications to the DEEP calculator or submit their own, unique model by June 4, 2021 for PURA’s review and approval. The Authority encourages all docket Participants to work towards a consensus model by June 4, 2021; however, a consensus model is not a prerequisite for submission.

If a consensus model is not developed, the Authority will conduct an adjudicated process to establish a model to calculate the Residential Tariff rates for use in the annual rate setting process outlined above. As part of this process, the Authority will hold a Technical Meeting and/or request written comments on the modifications and/or models submitted for the Authority’s consideration. Subsequently, the Authority will draft, release for stakeholder comment, and finalize the model to be used in setting the Residential Tariff rates by September 2021. Beginning in September 2021, the Authority will initiate a public process to solicit and review the necessary data inputs to develop the final Residential Tariff rates for project applications received in calendar year 2022. Below is an illustrative docket schedule for 2021:

- On or Before March 1, 2021 – DEEP submits unlocked tariff calculator
- June 4, 2021 – Stakeholders submit consensus model and/or modified DEEP calculator and/or unique tariff calculator
- (If consensus model not submitted) June through August 2021 – Authority adjudicated process to develop and approve tariff calculator

- Early/Mid-September – Data request, written comments, and Technical Meeting
- Late September – Hearing
- Late October – Issuance of draft tariff rates
- Early November – Issuance of final tariff rates

4. Low Income and Environmental Justice Community Adder

The CGB addressed the topic of an LMI adder during their November 20, 2020 presentation recommending that the Authority implement an LMI adder based on currently available examples and refine the adder methodology in subsequent years, if needed. Specifically, the CGB recommended an LMI adder between \$0.0200/kWh - \$0.02500/kWh based on the 20-year levelized value of the LMI adder in RSIP and the SMART program. CGB Presentation, dated November 20, 2020, p. 10. At the same Technical Meeting, Eversource expressed support for additional incentives for low-income customers. Eversource recommended that income qualification for a low-income adder should leverage existing income verification processes and standards and that subsequent system owners/customers would need to also be low-income in order to continue receiving a low-income adder. Eversource Presentation, dated November 20, 2020, p. 7. Last, as discussed in Section II.B., several docket Participants expressed support for increased access to renewable energy programs for LMI customers at the September 25, 2020 Technical Meeting.

Based on the foregoing, the Authority will direct the EDCs to offer an adder of \$0.025/kWh for all RECs generated to customers below 60% of the state median income. The Authority will also direct the EDCs to leverage their existing income verification processes, standards, and information in qualifying customers. The process for payment of this adder shall follow the payment process outlined in Section III.A. for the appropriate tariff structure. Additionally, the Authority will direct the EDCs to offer a separate adder of \$0.0125 for all RECs generated to customers not eligible for the low-income adder of \$0.025/kWh residing in an economically distressed municipality, as defined by the most recent list developed by the Connecticut Department of Economic and Community Development.⁵⁹ The OCC raised several questions with respect to the administration of these adders in its written exceptions.⁶⁰ Accordingly, the Authority will order the EDCs to provide terms and conditions with respect to the above adders.

E. SUBSECTION (C) OF CONN. GEN. STAT. § 16-244z

The subsection (c)(3) of Conn. Gen. Stat. § 16-244z states:

(3) For any tariff established pursuant to this section, the authority shall examine how to incorporate the following energy system benefits into the rate established for any such tariff: (A) Energy storage systems that provide electric distribution benefits, (B) location of a facility on the distribution system, (C) time-of-use rates or other dynamic pricing, and (D) other energy

⁵⁹ See, https://portal.ct.gov/DECD/Content/About_DECD/Research-and-Publications/02_Review_Publications/Distressed-Municipalities.

⁶⁰ See, OCC Written Exceptions, dated February 4, 2021, pp. 6-7.

policy benefits identified in the Comprehensive Energy Strategy prepared pursuant to section 16a-3d.

As noted at the conclusion of Section III.A.2, a monthly netting interval preserves the ability to send customer price signals to change their intraday usage through time-varying rates and to incentivize the deployment of electric storage through a performance-based incentive program; the same can be said of a “buy-all” tariff. Thus, both energy storage systems and time-of-use rates or other dynamic pricing can be layered on top of the Residential Tariffs established herein. The Authority currently has a separate proceeding underway to examine energy storage, Docket No. 17-12-03RE03. With respect to locational adders, the Authority has not yet conducted the robust analysis necessary to calculate locational adders. Further, stakeholders in the instant docket advocated for simplicity in program and tariff design; locational values can add significant complexity. However, the Authority reserves the right to fully and explicitly incorporate such energy benefits into the Residential Tariff program at a later date pursuant to § 16-244z(b)(1), which provides that “[t]he authority may modify such rate for new customers under this subsection based on changed circumstances.”

IV. CONCLUSION AND ORDERS

A. CONCLUSION

The Authority has thoroughly reviewed the requirements within Conn. Gen. Stat. § 16-244z for establishing tariff options for residential customers for the purchase of products generated from a Class I renewable energy source that is located on a customer's own premises, pursuant to Conn. Gen. Stat. § 16-244z(b). Accordingly, the Authority directs the EDCs to implement the following tariffs for residential customers with a term of 20 years effective January 1, 2022 through December 31, 2027:⁶¹ (1) a netting tariff with a monthly netting interval and an export rate set at the applicable retail rate; and (2) a flat “buy-all” tariff with a compensation rate fixed over the tariff term. The Authority orders the EDCs to establish and administer a Residential Tariff program associated with the netting and “buy-all” tariffs in accordance with the program implementation, administration, and processes outlined herein. Additionally, the Authority establishes the following processes associated with the Residential Tariff program: (1) an annual process for setting the rates for such tariffs, including a process for 2021 that also includes establishing a tariff calculation methodology; (2) an annual process for ensuring renewable energy contractor education and enforcement; and (3) a near-term process to ensure the timely and cost-effective implementation of the Residential Tariff program.

⁶¹ All eligible renewable energy systems that that file an application for interconnection prior to January 1, 2022 shall be eligible for net metering as currently constituted pursuant to Conn. Gen. Stat. § 16-243(h).

B. ORDERS

For the following Orders, the Company shall file an electronic version through the Authority's website at www.ct.gov/pura. Submissions filed in compliance with the Authority's Orders must be identified by all three of the following: Docket Number, Title and Order Number. Compliance with orders shall commence and continue as indicated in each specific Order or until the Company requests and the Authority approves that the Company's compliance is no longer required after a certain date.

1. No later than July 1, 2021, each EDC shall provide a final, itemized cost estimate of the information technology, billing, and other system and infrastructure upgrades necessary to establish the Residential Tariffs. Such estimates shall be broken down by year and by line item expense and categorized by the tariff or program design element to which it relates (e.g., netting tariff billing, "buy-all" tariff annual cash out, REC payments, etc.).
2. No later than July 1, 2021, each EDC shall provide a final, itemized cost estimate of the personnel and administrative costs by year necessary to run the Residential Tariff program through 2027. Such estimates shall be broken down by year and by individual roles (e.g., program manager, accountant, etc.). Additionally, each EDC shall include a written description of the functions of each staff member listed.
3. No later than July 1, 2021, the EDCs shall provide an explanation of how and why the same functionalities discussed in Docket No. 17-12-03RE03 regarding the use of inverter data and the EDCs' Distribution Energy Resource Management System cannot be utilized for the Residential Tariff program. The EDCs shall consult the solar industry prior to filing such explanation.
4. No later than August 2, 2021, the EDCs shall develop and file for the Authority's review, modification, and approval a set of (1) program rules and guidelines and (2) other resources for residential utility customers and/or renewable energy contractors to explain the technical, administrative, and procedural requirements of the Residential Tariff program, including all cash out provisions. Such program rules, guidelines, and other resources shall strictly adhere to this Interim Decision, incorporating any direction provided herein. Any proposed rules and guidelines shall include a list of program eligibility requirements. The EDCs shall update all program rules, guidelines, and other resources at least annually to reflect the most recent program information and Authority orders and/or rulings.
5. No later than August 2, 2021, and annually thereafter, each EDC shall file, in the annual Residential Tariff program review and rate setting proceeding for the Authority's review, modification, and approval a proposal for a Residential Tariff program application fee to cover the estimated administrative costs associated with processing applications. The EDCs shall provide detailed calculations and written descriptions to explain and to justify the proposed application fee. In the same filing, the EDCs shall file for the Authority's review, modification, and approval a proposed nominal administrative fee pursuant to Section III.A. for any change orders or re-designation changes subsequent to the initial project interconnection, so long as a robust rationale for the proposed fee and fee level is

provided. The 2021 submission shall provide a copy of the language to be included in the customer disclosure form informing program participants of the fee.

6. Pursuant to Conn. Gen. Stat. § 16-244z(b), the EDCs shall establish a netting tariff effective January 1, 2022 through December 31, 2027 with a term of 20 years with a monthly netting interval and an export rate set at the applicable retail rates. The rate for such tariff shall be adjusted annually and apply only to new tariff applications received within the applicable year. On or before August 2, 2021, the EDCs shall jointly file such tariffs, the associated Residential Tariff Agreements, and any other related forms for the Authority's review, modification, and approval. Such tariffs shall include specific terms and conditions regarding the authorized cash out provision listed in Section III.A.3 and the adders authorized in Section III.D.4. The tariff language for both EDCs shall be uniform, to the extent possible.
7. Pursuant to Conn. Gen. Stat. § 16-244z(b), the EDCs shall establish a flat "buy-all" tariff effective January 1, 2022 through December 31, 2027 with a term of 20 years with a fixed compensation rate over the term of the tariff. The rate for such tariff shall be adjusted annually and apply only to new tariff applications received within the applicable year. On or before August 2, 2021, the EDCs shall jointly file such tariffs, the associated Residential Tariff Agreements, and any other related forms for the Authority's review, modification, and approval. Such tariffs shall include specific terms and conditions regarding the authorized cash out and direct payment provisions listed in Section III.A.4 and the adders authorized in Section III.D.4. The tariff language for both EDCs shall be identical, to the extent possible.
8. No later than August 2, 2021, the EDCs shall jointly file for the Authority's review, modification, and approval their respective Residential Tariff application webpage(s) or portal. The application "form" included on each EDC's webpage(s) or portal shall be identical in substance, requiring that the same information and documents be submitted, and as similar in format to the other EDC's as practicable.
9. No later than August 2, 2021, the EDCs shall jointly file for the Authority's review, modification, and approval proposed renewable energy system sizing parameters and processes. Such proposal shall include parameters and processes for customers with new and existing load and a joint proposal for the reasonable approximation of the annual load of two electric vehicles and, for non-electric heating customers, a reasonable approximation of the incremental electric load associated with fuel switching. Such proposal should include and follow all guidance provided in Section III.A.5. of the Interim Decision.
10. No later than August 2, 2021, the EDCs shall jointly file for the Authority's review, modification, and approval all three proposed customer disclosure form documents as directed in Section III.C.3. of the Interim Decision. The EDCs shall require the completion of the customer disclosure form for the Residential Tariff application and shall ensure that the form is clearly visible on the EDC's Residential Tariff webpage(s).

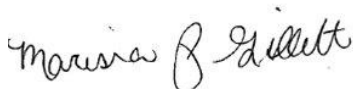
11. No later than August 2, 2021, the EDCs shall jointly file for the Authority's review and approval the final language retaining the inspection and audit rights of PURA, DEEP, the EDCs, and the CGB.
12. No later than August 2, 2021, the EDCs shall submit for the Authority's review and approval the full list of data and data fields it will collect and record for the Residential Tariff program in the instant docket and Docket No. 20-07-01RE01, The list shall include, at a minimum, the data fields listed in Section III.C.6. The EDCs shall work with the CGB to develop a full list of data fields filed in compliance with this Order, and shall consult with the solar industry as necessary.
13. No later than August 2, 2021, the EDCs shall file with the Authority their planned process for receiving applications for the Residential Tariff program. Such plans must include internal schematics and process flowcharts, estimated processing times, and estimated process capacity.
14. No later than September 1, 2021, the EDCs shall develop and file for the Authority's review and approval program-specific metering wiring diagrams for both the "buy-all" and netting tariffs, including diagrams for renewable energy systems paired with electric storage. The EDCs shall consult with the solar industry in good faith in developing said program-specific metering wiring diagram, providing updates on their collaboration as described in Section III.C.8.
15. No later than November 1, 2021, the EDCs shall file with the Authority link to their respective Residential Tariff program webpages. Such webpages shall include all relevant information regarding the "buy-all" and netting Residential Tariffs for interested residential customers and renewable energy contractors. Such website shall be made public no later than January 1, 2022 and shall be updated as frequently as is practicable, unless otherwise directed herein, to reflect the most recent program information and Authority orders and/or rulings.
16. No later than November 1, 2021 and with the CGB's consent, EOE shall retain CGB as a consultant pursuant to Conn. Gen. Stat. § 16-18a to assist EOE in matters related to the annual Residential Tariff contractor education and enforcement docket. The CGB's duties shall include, but may not be limited to, aiding EOE by: proactively answering contractor questions by developing resources, holding trainings, and maintaining relevant information on the GoSolarCT.com website in collaboration with EOE and the EDCs; conducting an annual audit of a subset of customer disclosure forms, with at least one from each renewable energy contractor; interfacing with the Department of Consumer Protection and EOE to understand customer complaints regarding the Residential Tariff program; drafting warning letters to contractors and motions for the Authority's consideration regarding contractor violations; and, providing information to customers in vulnerable and environmental justice communities about contractors participating in the Residential Tariff program.
17. No later than January 1, 2022, the EDCs shall provide the OCC, DEEP, CGB, and the Authority with means to access the renewable energy production data of those participating in the Residential Tariff program on a downloadable basis.

18. No later than January 1, 2022, the EDCs shall jointly file proposals for multiple fully non-bypassable charge designs, including at least one volumetric and one fixed charge design, and implementation cost estimates in the instant docket and Docket No. 20-07-01RE01 for the Authority's review, modification, and approval. All proposals shall be implementable by January 1, 2023. The Authority will invite stakeholder comment before issuing its approval of any proposal.
19. No later than January 1, 2023, each EDC shall have in place a customer education and information webpage that shall, at a minimum, include the average installed cost (\$/W) and PPA or lease price (\$/kWh) for all Residential Tariff applications accepted by the EDC over the preceding 6-month period, as well as current and historical retail rates for the customer to compare their pricing and savings in real-time. Such website shall be updated at least monthly and customers shall be required to electronically acknowledge that they have reviewed the material on the customer education and information webpage as part of Residential Tariff application process. On or before January 1, 2022, each EDC shall submit a cost estimate for the development of such a webpage. On or before August 1, 2022, each EDC shall file with the Authority a working draft of such webpage.
20. Pursuant to Conn. Gen. Stat. § 16-244z(b)(2), the EDCs shall begin accepting applications for the Residential Tariffs authorized herein on January 1, 2022, with the EDCs' billing systems ready to accommodate renewable energy projects interconnected and energized under the Residential Tariffs on or before April 1, 2022. The EDCs shall undertake all reasonable efforts to make their billing systems ready to accommodate renewable energy projects taking service under the Residential Tariffs interconnected and energized before April 1, 2022, so long as it does not significantly increase administrative costs. The EDCs shall notify the Authority once their systems are ready to begin interconnecting and energizing projects under the Residential Tariffs.
21. No later than June 1, 2022, each EDC shall publicly disclose the costs of setting up and maintaining the REC metering equipment, as well as the customer acquisition costs, on their respective Residential Tariff websites. Each EDC shall update the required information at least annually. No later than June 1, 2022, and annually thereafter, each EDC shall submit in the above-captioned proceeding the required REC metering cost information.
22. No later than August 1, 2022, and annually thereafter, the EDCs shall jointly file, in the annual Residential Tariff program review and rate setting proceeding the Excel workbooks outlined in Section III.B.6.a. The EDCs shall each use the same Excel workbook, including the same format and the exact same data fields, as each other. The EDCs shall follow all other direction provided in Section III.B.6.a.
23. In accordance with Conn. Gen. Stat. § 16-244z(e), the Authority orders the EDCs to maintain detailed, itemized records of all cost incurred in the establishment and implementation of the Residential Tariff program. The EDCs shall seek recovery of all reasonable and prudently incurred expenses in the applicable Rate Adjustment Mechanism proceeding (e.g., 21-01-03 or 21-01-04). All such

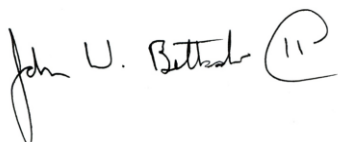
expenses will be subject to a full prudence review. The EDCs bear the burden of proof of the reasonableness and prudence of all costs incurred. The EDCs shall provide a summary of each of the following categories of costs and revenues for the Residential Tariff program in each applicable RAM proceeding and in the instant docket for the previous calendar year: (1) REC incentive payments; (2) REC revenue; (3) EDC administrative costs; (4) fees collected; and (5) net Residential Tariff program costs or revenues based on (1) through (4).

**DOCKET NO. 20-07-01 PURA IMPLEMENTATION OF SECTION 3 OF P.A. 19-35,
RENEWABLE ENERGY TARIFFS AND PROCUREMENT
PLANS**

This Interim Decision is adopted by the following Commissioners:



Marissa P. Gillett



John W. Betkoski, III



Michael A. Caron

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.



Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority

February 10, 2021

Date