



STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

February 18, 2020

In reply, please refer to:

Docket No. 19-07-01

Christopher R. Bernard
Manager, Regulatory Policy & Strategy, CT
Eversource Energy
P.O. Box 270
Hartford, CT 06141

Mark P. Colca, P.E.
Manager, Pricing
United Illuminating Company
180 March Hill Road
Orange, CT 06477

Re: Docket No. 19-07-01– Review of Statewide Shared Clean Energy Facility Program Requirements

Dear Messrs. Bernard and Colca:

The Public Utilities Regulatory Authority (PURA) is in receipt of the January 17, 2020 compliance filings from the Connecticut Light and Power Company d/b/a Eversource Energy (Eversource) and United Illuminating Company (UI; collectively, Companies) filed in response to Order No. 1 in the Decision dated December 18, 2019 (Decision) in the above-referenced proceeding.

Order No. 1 required the Companies to submit within thirty (30) days 1) a SCEF Rider for **both** Subscribers and Subscriber Organizations based upon the Modified SCEF Program Requirements, and 2) a filing requesting any clarifications needed to begin billing system modifications to implement the SCEF Rider. The Authority finds that the submissions by the Companies did not meet the requirements of Order No. 1, as discussed below.

During the proceeding, the Participants, including Eversource and UI, had ample opportunity to present information on any program design concerns and/or implementation challenges expected, and to discuss their opinions and suggestions regarding the SCEF program, including: technical meetings on September 26, October 22 and October 29, 2019; numerous written comments and interrogatories; written exceptions to the draft decision; and, finally oral arguments on December 12, 2019.¹ At

¹ Notably, Interrogatory EL-37 specifically afforded Eversource the opportunity to propose their own SCEF Program Requirements.

no point did the Companies raise a concern with meeting the Order No. 1 requirements. Further, the time to make changes to this program has since passed, including the time to make a request for reconsideration and the time to appeal the Authority's Decision.

After reviewing the Order No. 1 compliance filings, the Authority finds that neither of the Companies' SCEF Subscriber Riders were up to the quality standards we would expect from the Companies. The only SCEF Subscriber Rider Terms and Conditions submitted in the Companies' compliance filing were those already contained in the first twenty pages of the Modified SCEF Program Requirements, of which only a small portion is relevant to Subscribers. The Companies shall revise the SCEF Subscriber Rider Terms and Conditions to include only such information relevant to the SCEF Subscriber tariff rider.

Additionally, UI explicitly acknowledged its failure to meet the Authority's requirements regarding the submission of a Subscriber Organization Rider, stating: "UI did not include a draft Subscriber Organization Rider with this filing." Further, instead of filing the requested clarifications, UI suggested that each of the Companies will be requesting "numerous program changes" and therefore "does not have any clarifying questions regarding the on-bill crediting process at this time." The Authority reiterates that "...the Modified SCEF Program Requirements provide sufficient information for the EDCs to begin any billing system modifications necessary to provide Subscriber credits under the program." Decision, p. 11. The Authority has afforded the Companies the opportunity, through Order No. 1, to identify additional clarifying information the Companies need to begin the necessary billing system modifications to provide Subscriber Credits by July 1, 2021. The Companies shall begin the billing system changes necessary to implement an on-bill Subscriber Credit upon receiving the necessary clarifications in response to the Companies' Compliance Filing for Order No. 1. All required clarifications regarding billing and Information Technology (IT) systems related to the SCEF program shall be addressed in the above referenced docket, not in Docket No. 19-07-01EE01.

As for Eversource's submission for Order No. 1, the Authority appreciates Eversource's effort to identify points of clarification. Ultimately, however, Eversource also did not meet the requirements because it did not provide appropriate SCEF Subscriber Rider Terms and Conditions, as described above. Furthermore, Eversource indicated in its compliance filing that aspects of the SCEF program should be reconsidered for various reasons that could have been and were discussed during the original proceeding. Eversource further suggests that the work groups should discuss alternative structures for the SCEF program. The Authority reiterates, in no uncertain terms, that the topics for consideration in Docket No. 19-07-01RE01, and the associated working groups, shall be limited to the topics listed in the Notice of Proceeding dated January 17, 2020 in that docket. The Authority considers all other matters related to this program, unless specified in the Modified SCEF Program Requirement, to be closed. The Authority's response to the clarifications sought by Eversource are appended as "Attachment A".

Due to the above, the Authority is ordering a technical meeting on **Friday, February 28, 2020, at 1p.m.**, at the Agencies' offices, Ten Franklin Square, New Britain, Connecticut, **which cannot be postponed**, to discuss any further clarifications needed regarding the direction provided by the Authority in this correspondence and to reiterate the Authority's orders. On or before March 17, 2020,² the Companies will re-submit all items ordered in Order No. 1 of the Decision meeting all of the requirements. **If the EDCs do not comply with Order No. 1, on or before March 17, 2020, the Authority will issue a Notice of Violation (NOV), pursuant to General Statutes of Connecticut § 16-41, to impose daily fines in-line or above previous fines for similar violations. If the Companies do not put a good faith effort into the re-filed documents, the Authority will issue an NOV proposing to impose daily fines after March 17, 2020 until documents compliant with Order No. 1 have been submitted.**

The Authority reiterates that the time for seeking further changes to items addressed in the Decision has passed. The Authority is attempting to give the Companies as much guidance as possible, but progress cannot be made if the Authority's orders are not followed. **For all future submissions related to the SCEF program, if the documents are not filed timely and with a good faith effort at compliance, the Authority will issue a NOV to impose daily fines on the Companies until the documents are submitted meeting all of the Orders' requirements.** Order No. 2 – 4 are also due on or before March 17, 2020, i.e. within ninety (90) days after the issuance of the Decision.

The Authority reminds the Companies that this program and docket exists to cost-effectively allocate up to 25 megawatts to SCEFs and to ***“provide savings to specific categories of customers, particularly customers with low- to moderate-income (LMI), low-income serve organizations, and customers who reside in environmental justice communities.”*** (Decision, section III(B), *emphasis added*).

Sincerely,

PUBLIC UTILITIES REGULATORY AUTHORITY



Jeffrey R. Gaudiosi, Esq.
Executive Secretary

cc: Service List

² This date is 90 days from the date of the December 18, 2019 Decision. This date provides a 60-day extension of time from the compliance date set for Order No. 1.

Attachment A Requested Clarifications of SCEF Program Requirements

SCEF Output

The Companies shall calculate the “estimated annual output from the SCEF”³ using the average estimated annual output from the SCEF over the term of the tariff with the Subscriber Organization, i.e. 20 years. The Authority will evaluate any mismatch between SCEF production and Subscriber credits annually through Compliance Filings No. 9.

SCEF-Related IT System Modifications

The Companies have testified at length in the above referenced proceeding, Docket Nos. 17-12-03, 18-08-33, and 18-06-15, among other proceedings, to the administrative burden and cost associated with both the LREC/ZREC and Virtual Net Metering (VNM) programs, in particular the current manual billing process used for both programs. Tr. 10/22/19, pp. 77-81. The Companies also testified to the complex administration and manual billing process of the current SCEF Pilot. Tr. 10/22/19, pp. 87-88. The Authority heavily weighed these comments in modifying the SCEF Program Requirements.

The Authority ordered a simple on-bill Subscriber Credit that requires one calculation of the Companies per Subscriber and requires the Subscriber Credit to remain on the Subscriber’s account in perpetuity, subject to Appendix A, A1.1 of the Modified SCEF Program Requirements. The Authority recognizes that the Decision also directs the Companies to make payments to the Subscriber Organizations, which were not originally included in DEEP’s proposed SCEF Program Requirements. The Authority expects the Companies to leverage their existing billing, data management, and other IT systems pertaining to the LREC/ZREC program for the payment of the SCEF Subscriber Organizations under the Modified SCEF Program Requirements.

As stated in the body of this correspondence, the time has passed for reconsideration of the Authority’s Decision. However, the Authority will answer clarifying questions in response to the re-submitted Compliance Filings No. 1 to provide the necessary information to enact PURA’s Decision.

“The Authority expects implementation costs related to these billing system changes to be significantly below the previous cost estimates provided in response to EL-10 related to the proposed SCEF Program Requirements: \$4 million for Eversource and \$900,000 for UI.” Decision, p. 19. Simply put, the Authority is unlikely to approve cost recovery for the IT modifications needed for the SCEF program, for either Eversource or UI, at or above their original cost estimates provided in response to EL-10. In Eversource’s case, the Authority is unlikely to approve cost recovery anywhere near \$4 million. The Authority will consider approving cost recovery for the addition of staff member(s) to administer the SCEF program.

Lastly, the Authority appreciates Eversource’s concern for administrative efficiency and interest in comprehensively evaluating the Company’s billing, data management, and IT systems. The Authority plans to take a comprehensive look at the future of the Companies’ billing, data management, and IT systems in Docket No. 17-12-03RE02. The Authority looks forward to Eversource’s active participation on this topic in that docket.

³ Exhibit B – Modified SCEF Program Requirements, dated December 18, 2019, p. 15.

Eversource's Fixed Credit Clarifications

- a. Yes. See Section 7.1 of the Modified SCEF Program Requirements. See Section 3.2 and 6.1 for direction on calculating the "annual Subscription kWhs."
- b. Yes. See Appendix A, A2.1(b) of the Modified SCEF Program Requirements.
- c. The Subscriber Credit will be a fixed monthly amount, specific to the individual customer, "...for the duration of the contract term of the associated SCEF unless or until the Subscriber's service is terminated or the Subscriber chooses to end the Subscription." Modified SCEF Program Requirements, Appendix A, A1.1.
- d. Subscribers enrolled as part of the "EDC-administered identification and enrollment process" (i.e. opt-out Subscribers) shall continue to receive the fixed monthly Subscriber Credit as outlined in Appendix A, A1.1 of the Modified SCEF Program Requirements regardless of whether they continue to meet the qualifying criteria of the program. The Companies may recommend how best to ensure continued qualification of voluntarily-enrolled Subscribers in Compliance Filings No. 5.
- e. Cost recovery is subject to the conditions laid out in Section Q of the Decision.

Section 6.1

The Companies may provide recommendations regarding the specific concerns Eversource identified in its January 17, 2020 correspondence regarding Section 6.1 of the Modified SCEF Program Requirements through Compliance Filings No. 5. Eversource Correspondence 1/17/20, p. 3. The Companies must detail how any proposed solutions to these concerns comply with the relevant statutes.

On-Site Load

SCEFs are not eligible to serve on-site load.