

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

What is the LREC/ZREC Program About?

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

Renewable Energy Certificates (RECs)

○ When is a REC Created?

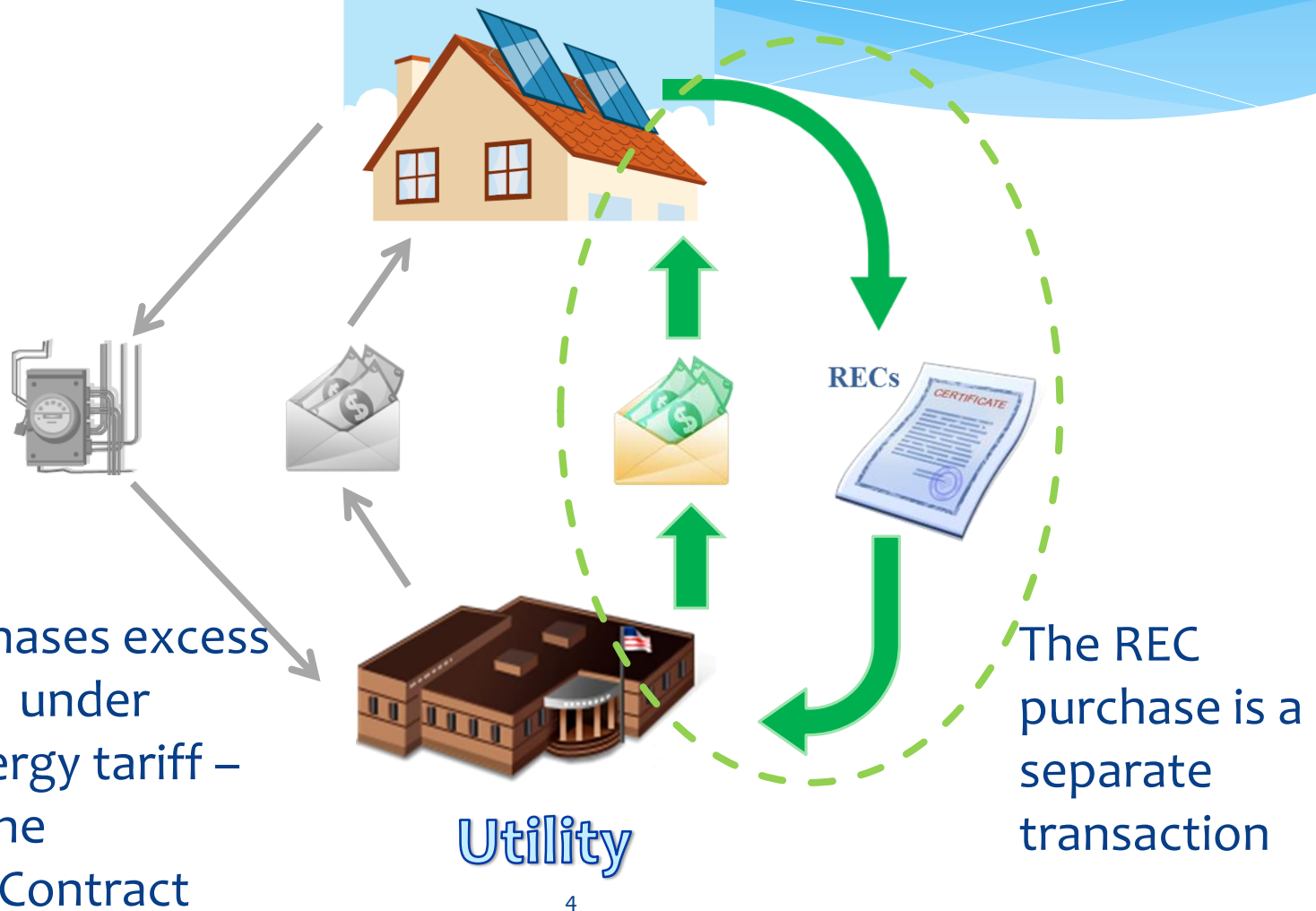
- Each time a renewable generation unit produces, the energy is considered “renewable”
 - LREC: Low – emission RECs = e.g Fuel Cells
 - ZREC: Zero – emission RECs = e.g Solar, Wind, Small Hydro
- Each megawatt hour of energy produced = 1 REC



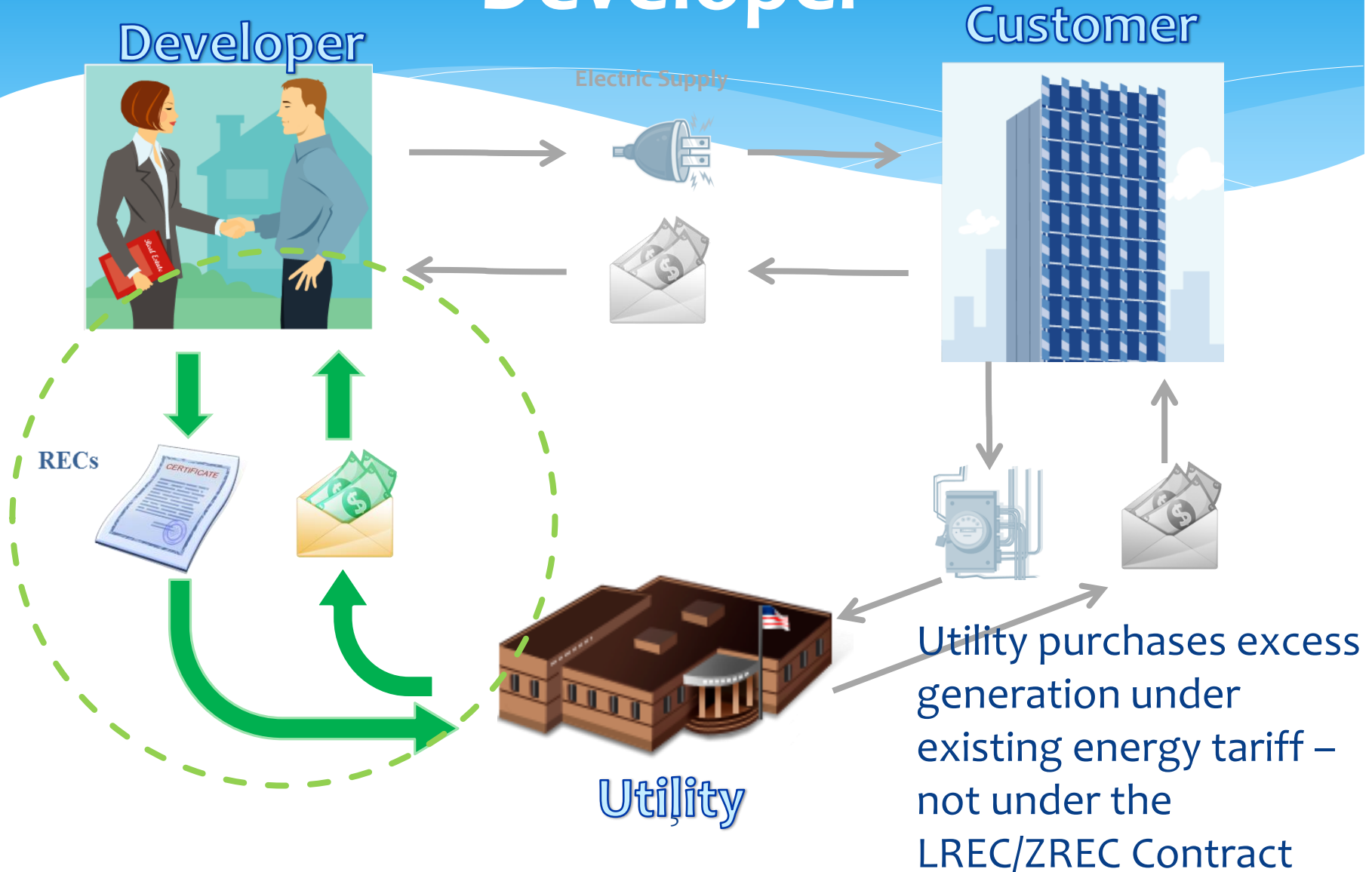
○ How is the REC created?

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

LREC/ZREC Contract with Customer



LREC/ZREC Contract with Developer



Procurement Processes

- * Pursuant to [Public Act 16-196](#), [Public Act 18-50](#), and [Public Act 19-35](#), the Companies will allocate 50% of the overall Years 6-10 RFP budgets to LREC projects
- * To clarify, budgets for Years 6-10 consist only of ZREC statutory budgets (\$6.4M for Eversource, \$1.6M for UI) plus any applicable funds from terminated ZREC projects or ZREC projects that resulted in MAQ adjustments. Thus, the budget will be divided as follows:
 - * 50% to LREC projects
 - * 50% to ZREC projects, divided evenly among Small, Medium, and Large ZRECs

Procurement Processes Continued

1) Competitive Solicitation - (RFP)

Project Type	Size	Total Annual Budget for Both Companies Combined	REC Price Cap
Large ZRECs	≥250 kW to 1,000 kW	Approximately \$1.33M	Max = \$126/REC
Medium ZRECs	>100 kW < 250 kW	Approximately \$1.33M	Max = \$126/REC
LRECs	Up to 2,000 kW	\$4M	Max = \$126/REC

2) Small ZREC Tariff

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

Pursuant to [Public Act 16-196](#), [Public Act 18-50](#), and [Public Act 19-35](#), the Companies will allocate 50% of the overall Years 6-10 RFP budgets to LREC projects. These changes are reflected in these charts.

*Pursuant to PURA's Decision on Motion No. 3 in Dkt. 18-08-10, the Year 7 and 8 Small ZREC budgets were combined into one Year 7 Small ZREC budget. Therefore, the Year 7 Small ZREC statutory budget was \$2.66M

Annual Budgets

Eversource Years 6-10 Budgets

Solicitation	Issue Date	% of Budget	Medium ZREC	Large ZREC	LREC	Small ZREC*
Overall Statutory Budget Per Category			\$1,066,667	\$1,066,667	\$3,200,000	\$1,066,667
The RFP budgets will be at least what is noted above, plus any applicable funds from terminated projects or projects that resulted in MAQ adjustments.						
*Pursuant to PURA's Decision on Motion No. 3 in Dkt. 18-08-10, the Year 7 and 8 Small ZREC budgets were combined into one Year 7 Small ZREC budget. Therefore, the Year 7 Small ZREC statutory budget was \$2.13M						

UI Years 6-10 Budgets

Solicitation	Issue Date	% of Budget	Medium ZREC	Large ZREC	LREC	Small ZREC*
Overall Statutory Budget Per Category			\$266,667	\$266,667	\$800,000	\$ 266,667
The RFP budgets will be at least what is noted above, plus any applicable funds from terminated projects or projects that resulted in MAQ adjustments.						
*Pursuant to PURA's Decision on Motion No. 3 in Dkt. 18-08-10, the Year 7 and 8 Small ZREC budgets were combined into one Year 7 Small ZREC budget. Therefore, the Year 7 Small ZREC statutory budget was \$533,334						

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

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

Repayment through
property taxes

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



Project Eligibility

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

Average Annual Production Calculation

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

MAQ/Annual Contract Value Calculation

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

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

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

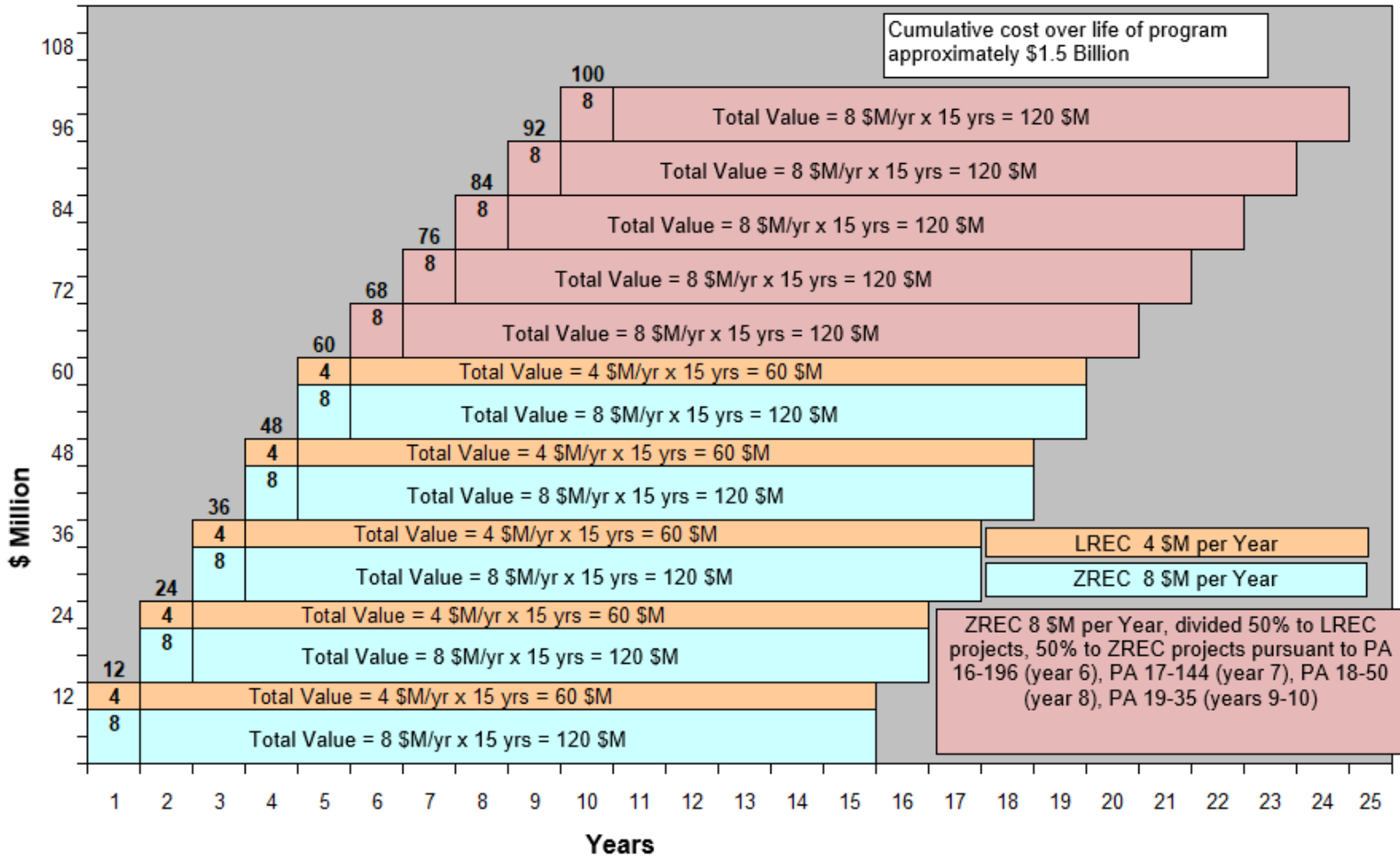
Maximum Total Payments over 15 years $\sim \$351,000.00$

Key Program Documents

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

Budget & Commitment Schedule

LREC & ZREC PROGRAM BUDGETS



Prerequisites for REC Purchase

(Also refer to Article 4 of Contract)

- Complete and Sign the [Certification Statement for REC Delivery Acceptance](#) (including but not limited to items listed below)
 - CT Class I Qualification Approval from PURA
 - In service no later than 1 year after selected Delivery Term Start Date (or 18 months if 6-month extension was awarded, or 24 months if second 6-month extension was awarded)
 - Must have dedicated REC meter
 - Interconnection agreement required
 - NEPOOL GIS registration₁₅

CT Class I Qualification Approval from PURA

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

NEPOOL Generation Information System (GIS)

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

Contact Email and Websites

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