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)
Utility purchases excess generation under existing energy tariff – not under the LREC/ZREC Contract.

The REC purchase is a separate transaction.
LREC/ZREC Contract with Developer

Electric Supply

Customer

Utility purchases excess generation under existing energy tariff – not under the LREC/ZREC Contract
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
1) Competitive Solicitation - (RFP)

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Size</th>
<th>Total Annual Budget for Both Companies Combined</th>
<th>REC Price Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large ZRECs</td>
<td>≥250 kW to 1,000 kW</td>
<td>Approximately $1.33M</td>
<td>Max = $126/REC</td>
</tr>
<tr>
<td>Medium ZRECs</td>
<td>&gt;100 kW &lt; 250 kW</td>
<td>Approximately $1.33M</td>
<td>Max = $126/REC</td>
</tr>
<tr>
<td>LRECs</td>
<td>Up to 2,000 kW</td>
<td>$4M</td>
<td>Max = $126/REC</td>
</tr>
</tbody>
</table>

2) Small ZREC Tariff

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

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.*
### Eversource Years 6-10 Budgets

<table>
<thead>
<tr>
<th>Solicitation</th>
<th>Issue Date</th>
<th>% of Budget</th>
<th>Medium ZREC</th>
<th>Large ZREC</th>
<th>LREC</th>
<th>Small ZREC*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Overall Statutory Budget Per Category</td>
<td>$1,066,667</td>
<td>$1,066,667</td>
<td>$3,200,000</td>
<td>$1,066,667</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Solicitation</th>
<th>Issue Date</th>
<th>% of Budget</th>
<th>Medium ZREC</th>
<th>Large ZREC</th>
<th>LREC</th>
<th>Small ZREC*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Overall Statutory Budget Per Category</td>
<td>$266,667</td>
<td>$266,667</td>
<td>$800,000</td>
<td>$266,667</td>
</tr>
</tbody>
</table>

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

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

Maximum Annual Payments =
$100 / REC x 234 RECs / year ~ $23,400.00

Maximum Total Payments over 15 years ~ $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)
LREC & ZREC PROGRAM BUDGETS

Cumulative cost over life of program approximately $1.5 Billion

1. **LREC 4 $M per Year**
   - Total Value = 4 $M/yr x 15 yrs = 60 $M
   - Total Value = 8 $M/yr x 15 yrs = 120 $M

2. **ZREC 8 $M per Year, divided 50% to LREC projects, 50% to ZREC projects pursuant to PA 16-196 (year 6), PA 17-144 (year 7), PA 18-50 (year 8), PA 19-35 (years 9-10)**
   - Total Value = 4 $M/yr x 15 yrs = 60 $M
   - Total Value = 8 $M/yr x 15 yrs = 120 $M
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 registration
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
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](http://www.eversource.com) → Residential → Save Money & Energy → Renewable Energy Credits
- UI = [www.uinet.com](http://www.uinet.com) → About UI → Doing Business with UI → Power Procurement