Corporate Shared Services Project Authorization Form

Date Prepared: 4/15/2021	Project Title: CT SCEF Program
Company/Companies: Eversource: CL&P	Project ID Number: SCEF CT Electric
Organization: Rates & Regulatory	Plant Class/(F.P.Type): Software & Hardware
Project Initiator: [redacted]	Project Type: Specific Project
Project Manager(s): [redacted]	Capital Investment Part of Original Operating Plan? N
Project Sponsors: [redacted]	O&M Expenses Part of the Original Operating Plan? Y
Estimated in service date(s): July 1 2022	Transfer of Funds Request: N
Total Request: The total program costs are anticipated to reach approximately $1.85B with full cost recovery though the NBFMCC.	Emergency Related Request: N

Project Authorization

Project Authorization Forms must be completed for Corporate Shared Services projects totaling $500K or greater in accordance with the Project Authorization Policy and approval levels in the Delegation of Authority Policy (DOA).

If Subsidiary Board approval is required (Corporate Shared Services capital projects > $15M), document the review by Enterprise Risk Management (ERM) and Financial Planning and Analysis (FP&A) (attach email approval).

ERM: _____

FP&A: _____

If this is a Transfer of Funds Request Vice President of Financial Planning and Analysis approval is required. If the Vice President of Financial Planning and Analysis deems appropriate, additional approvals may also be required (see page 7 of the Project Authorization Policy – Project Approval is not Transferable for further detail):

Date of Approval
CFO:_N/A_____

Other:_____

Documentation /
Explanation:_____

Executive Summary

The Connecticut Shared Clean Energy Facility (“SCEF”) Program establishes a statewide program to support the development of renewable energy generators that will provide bill credits to residential, commercial, governmental and industrial electricity customers. While open to many customer types, the program will largely focus on serving low- and moderate-income customers.

Like other state-mandated renewable energy programs, Eversource is legislatively authorized to recover the full cost of the program through a reconciling mechanism on customer's bills.

In 2018 the Connecticut legislature passed Public Act 18-50 creating the SCEF Program. The Program requires Eversource to annually procure 20MW of Class 1 Renewable Energy projects for a period of 6 years and compensate project owners ("Subscriber Organizations") for all energy and Renewable Energy Credits ("RECs") generated for a period of up to 20 years. Further, Eversource is responsible for identifying and enrolling eligible customers ("Subscribers") into each SCEF project, sizing each customer's subscription and applying a fixed monthly bill credit to each participating customer's bill for a period of up to 20 years. Eversource is also responsible for managing customer cancellations and terminations, and re-allocating subscriptions to maintain certain customer enrollment quotas established by the Public Utilities Regulatory Authority ("PURA").

The majority of the costs of the SCEF Program will be recovered via the Non-Bypassable Federally Mandated Congestion Charge (NBFMCC). Cost categories will include payments to Subscriber Organizations for generation, on-bill credits provided to customers, incremental program administration (internal and 3rd party), billing system modifications, metering/meter data management and the development/management of a customer intake portal.

On-bill credits and renewable energy generation payments will be provided monthly to customers and quarterly to Developers in the program over a period of approximately 26 years. These payments will account for the majority of the recoverable costs ($1,816,464,391 of the total program spend of $1,847,529,773). Customer credits are paid based on estimated production, while developer payments are based on actual production.

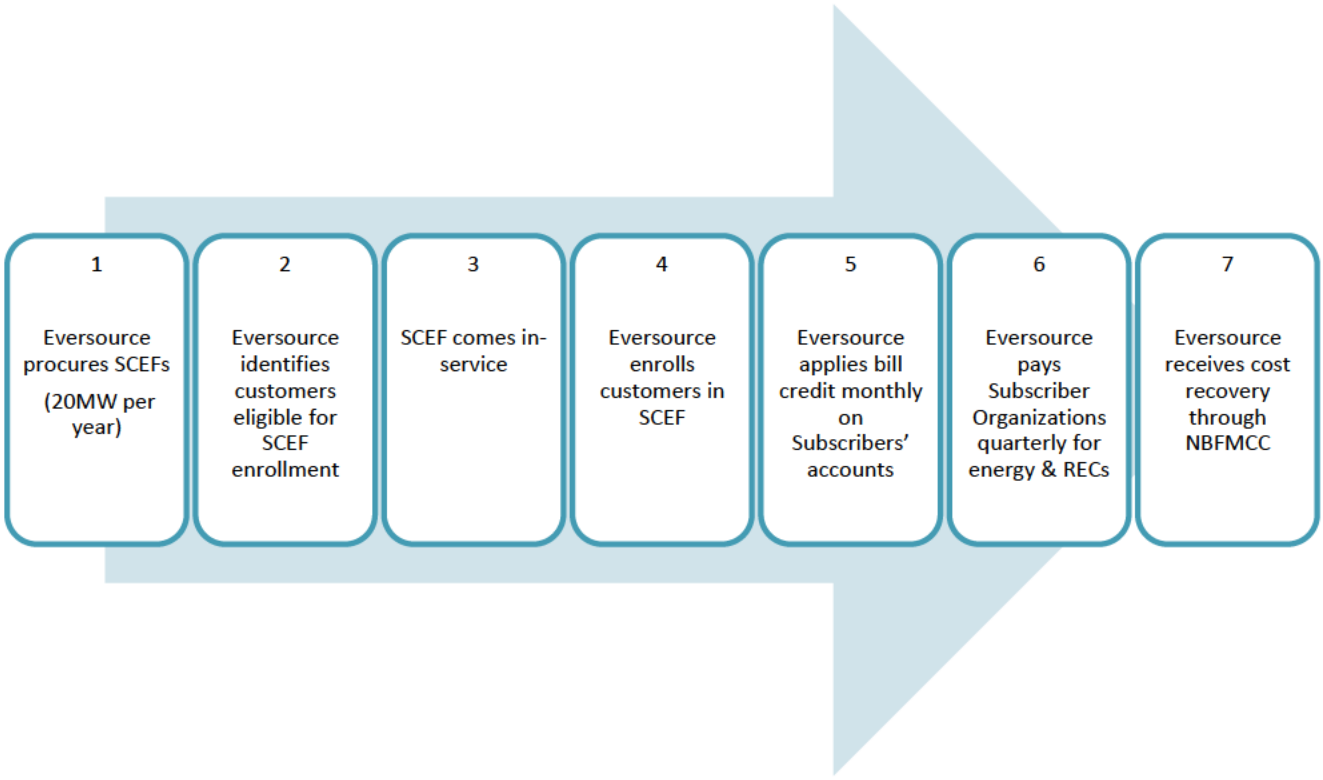
Eversource has been ordered by PURA to complete all billing system modifications and IT changes necessary to accommodate customer enrollment in the program by December 1, 2021. The earliest estimated in-service date for a SCEF is July 1, 2022. Therefore, all program development costs, including capital costs, will be incurred between 2020-2021. Payments for energy and Renewable Energy Credits ("RECS"), as well as on-bill credits for participating customers will begin in 2022.

The subsequent tables show the high-level Program Summary[1]:

[1] Note that current estimates are based on best available data. Because the SCEF program can procure projects with substantially different annual generation capacity factors (i.e., solar vs. fuel cells), the total cost of the program may be significantly less or more than current estimates. Estimates provided include

Category	Base Estimate
Total Clean Energy Project Capacity (MW)	120MW
Lifetime Subscriber Organization Payments (Energy/RECs)	$1,552,269,952
Lifetime Subscriber Bill Credits	$264,194,439
One-time Billing System Modifications	$2,450,000
Other IT costs (Bid Portal)	$68,500
Lifetime Incremental FTE Costs	$28,199,487
Lifetime Program Marketing Costs	$347,395

In addition, the picture below illustrates the overall program processes:



Project Costs Summary

actual Year 1 procurement results and a 50%/50% of capacity will be allocation between fuel cells and solar PV for the remaining five procurement years.

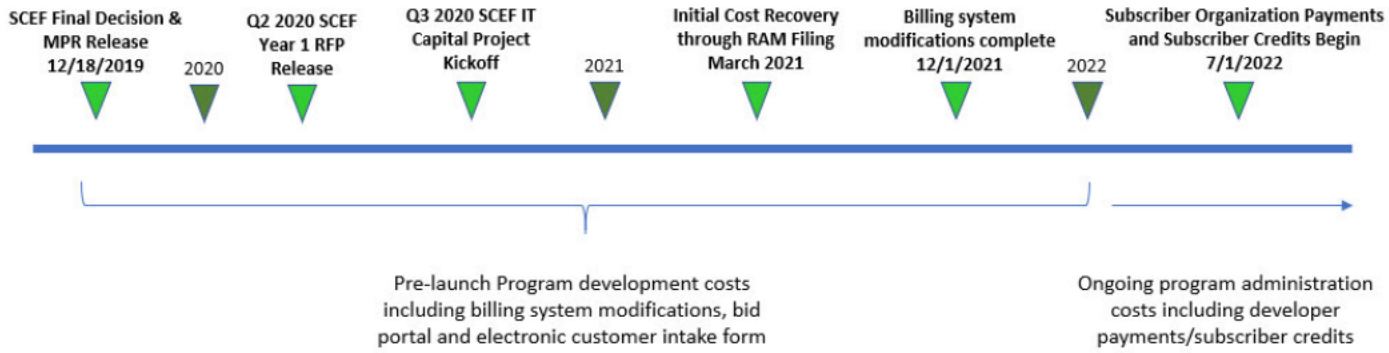
The table below shows the latest estimate of program costs identifying capital costs, O&M and incentive and payment costs (energy payments, bill credits). The IT costs will be treated as Capital. The financial costs will be updated based on the results of the RFPs final contracts and number of customers participating in the program.

The table below shows estimated costs for program O&M, capital and incentives/payments:

Budget	2020	2021	2022	2023	2024	2025	2026	2027-2046	20-Year Total
Operations & Maintenance									
Program Administration (incremental FTEs)	$ 134,273	$ 199,316	$ 527,649	$ 847,375	$ 940,879	$ 969,106	$ 976,959	$ 23,603,930	$ 28,199,487
Marketing & Customer Qualification	$ -	$ 7,876	$ 59,876	$ 55,700	$ 55,811	$ 55,925	$ 56,043	$ 56,164	$ 347,395
Bid Portal Maintenance	$ -	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ -	$ -	$ 40,000
Total O&M	**$ 134,273**	**$ 215,192**	**$ 595,525**	**$ 911,075**	**$ 1,004,690**	**$ 1,033,031**	**$ 1,033,002**	**$ 23,660,094**	**$ 28,586,882**
Capital Costs									
IT development/modification of Bid Portal	$ 28,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,500
SCEF Customer Online Intake Form		$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,000
Billing System Upgrades	$ 800,000	$ 1,500,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,300,000
Total Capital	**$ 828,500**	**$ 1,650,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,478,500**
Incentives and Payments									
Subscriber Organization Payments	$ -	$ -	$ 8,224,753	$ 24,572,199	$ 41,430,523	$ 56,232,208	$ 71,033,892	$ 1,347,606,043	$ 1,549,099,619
Subscriber Bill Credits	$ -	$ -	$ 1,446,384	$ 4,311,237	$ 7,083,197	$ 9,533,807	$ 11,984,417	$ 229,835,396	$ 264,194,439
Subscriber Organization Operating Period Security Interest	$ -	$ -	$ 17,357	$ 51,735	$ 84,998	$ 114,406	$ 143,813	$ 2,758,025	$ 3,170,333
Total Incentives and Payments	**$ -**	**$ -**	**$ 9,688,494**	**$ 28,935,171**	**$ 48,598,719**	**$ 65,880,420**	**$ 83,162,122**	**$ 1,580,199,464**	**$ 1,816,464,391**
Total Program Costs	**$ 962,773**	**$ 1,865,192**	**$ 10,284,019**	**$ 29,846,246**	**$ 49,603,409**	**$ 66,913,451**	**$ 84,195,124**	**$ 1,603,859,559**	**$ 1,847,529,773**

The table below provides an initial timing estimate of the 2020-2021 Impacts. All program development costs including capital expenditures and O&M for program development will be

incurred during this timeframe. Costs incurred in 2022 and beyond will primarily consist of payments for energy and RECs, on-bill customer credits and ongoing program administration.



Financial Impacts	2020-2021 Program Summary
Revenues	Cost recovery via annual NBFMCC filing
Expenses (billing system modifications, program administration)	$2.83M (Program development/IT costs and program administration)
Cost Mitigation	Costs limited to program budget filed in 2020 with PURA
Regulatory Recovery	Cost recovery via NBFMCC
Regulatory Review	Standard annual regulatory recovery process
FTEs	1.1 FTEs (Program Manager and Director support)

Accounting

All charges will be captured in a new Regulatory Tracker (Line of Business 14030-Shared Clean Energy Facilities - SCEF) classified as Tracked Distribution.

Expenses will be recorded to their appropriate FERC accounts and deferred for recovery by Regulatory Accounting. Recovery will be requested in the NBFMCC charge on customer bills, and any difference between actual revenues and expenses incurred will be trued-up in a future NBFMCC rate.

Additional funding projects and work orders will be established to capture the capital costs for future IT/Billing System modifications if needed.

Overall Justification:

Project Need Statement

The new Connecticut Statewide SCEF initiative is a statutorily mandated program with specific requirements regarding program size and customer participation. The enacting legislation provided the Connecticut Department of Energy and Environmental Protection ("DEEP") and the Public Utilities Regulatory Authority ("PURA") with program oversight responsibilities. In December of 2019, PURA issued a final decision in Dkt. 19-07-01 requiring the EDCs to implement the SCEF program. Specific orders within the decision instructed the EDCs to open a procurement for the first year of the SCEF program in April of 2020 and to establish a schedule for subsequent yearly procurements. Based on the results of the procurements, Eversource will enter into long-term tariff agreements that will provide payments to winning bidders for the energy and Renewable Energy Credits generated by their renewable energy systems. In addition to compensating winning bidders, once a project reaches commercial operation, Eversource will begin providing bill credits to a selected group of customers participating in the program.

Eversource is mandated to implement this program and has received specific regulatory orders related to its implementation that will drive the overall cost of the initiative. Legislative language provides Eversource with a clear pathway for recovering program costs, subject to PURA's traditional prudence review. The cost recovery provisions in this program are similar to other legislatively-mandated renewable energy programs currently run by Eversource in Connecticut including the LREC/ZREC program.

Implementation of PURA's order will require a number of IT capital investments by Eversource in addition to regular O&M costs that will be incurred to operate the program over its expected 26-year life. IT costs and O&M costs are anticipated to account for less than two percent of total program costs.

In order to implement the project the following services/areas at Eversource will be impacted:

Eversource Departments	Services Provided	Internal / 3rd Party
Program Management	Manage subscriber enrollment and project procurement	Internal Program Manager & support staff
Customer Billing	Manage Subscriber Organization Billing and application of Subscriber credits	Internal and Incremental Support
IT / Billing System	Creation of SCEF Financial Transaction and a Billing System Line Item for the Bill Credit (C2); Creation of a profile to identify SCEF subscribers (C2). Creation of a web enrollment form for Subscribers and Modifications of bid portal	Tata Consulting Services (TCS) development Internal Digital Team

Regulatory	SCEF Tariff Filing Cost Recovery	Internal Legal, Rates and Regulatory teams

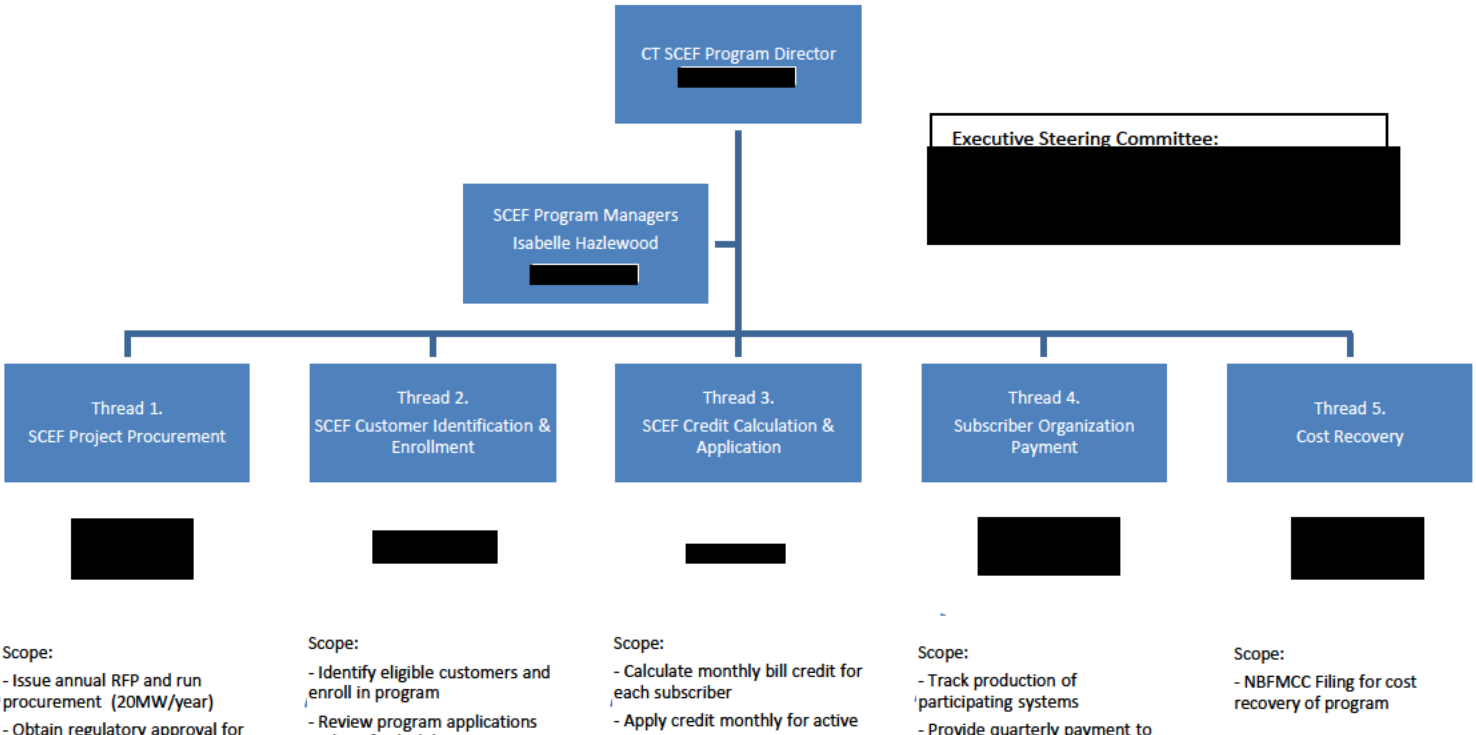
Background / Justification

The initiatives within the proposed project scope are designed to address the legislative and regulatory requirements to provide eligible Connecticut customers a Shared Clean Energy Facility Credit (SCEF credit) and purchase energy and RECs from clean energy projects procured through the program. This will include work in all the areas described above.

Governance:

The following table summarizes the Governance that has been established. [redacted], Director of Customer Solar Programs, serves as the lead Director on the program. [redacted], Renewable Programs Operations Manager for Connecticut and Isabelle Hazlewood, Program Manager for Low Income Programs serve as day-to-day program managers. Leadership from Customer Group Operations, Legal, Regulatory, Rates, Digital Strategy and IT areas of the company are engaged in program decisions as needed. Steering Committee meetings are periodically held, and presentations are prepared for program updates and key decisions.

Business Process and / or Technical Improvements:



This program requires enhancements to the billing system (C2) to provide Subscribers with on-bill credits, identify participating customers in the billing systems, and track the application of all on-bill credits for revenue and regulatory reporting.

The program also requires the development of an online intake form to allow a portion of customers to voluntarily apply to the program.

Asset Retirement Obligation (ARO) and/or Environmental Cleanup Costs (Environmental Liabilities):
N/A

Project Schedule

Key Milestones	Deliverables
12/19/2019 SCEF Final Decision & Modified Program Requirements	• Establishes Program Requirement's and PURA Orders for Program Implementation
4/30/2020 SCEF Year 1 RFP Release	• Bid Portal for developers complete
4/30/2021 SCEF Year 2 RFP Release	• Modifications to Bid Portal & RFP Complete
12/1/2021 Billing System Modifications Complete	• Creation of Profile in C2 for SCEF Subscribers • Creation of SCEF Financial Transaction in C2 • Creation of electronic application for Customers • Creation of Subscriber Candidate Report
7/1/2022 First SCEF In-Service Date	• Subscriber Organization payments and Subscriber Credits begin • Regulatory and Revenue reporting begins

Regulatory Approvals

This project has been approved by the Connecticut Public Utilities Regulatory Authority (PURA) however certain implementation design elements remain pending PURA approval as of 5/26/2026.

Risks and Risk Mitigation Plans

Risk Statement	Risk Effect if Realized (in terms of cost, schedule and performance)	Mitigation Courses of Action of Mitigation Plan	Likelihood	Impact
Cost Recovery	Pre-approval to recover costs not granted. All cost recovery requires post-expenditure prudence review by PURA.	Minimize work performed to essential tasks • Limited IT work for essential tasks • Minimize assignment of incremental internal labor assigned to program. • Ensure appropriate expense tracking and clear segmentation of costs.	Low	Moderate
PURA Revision to Program Structure	PURA may choose to further revise the program structure after costs have been incurred to implement the original program structure	Clearly document all ongoing activities and ensure they are related to specific PURA guidance.	Moderate	Low

APPENDIX

IT / Billing System Modifications -

Eversource will be responsible for identifying eligible customers, enrolling customers in the program and applying SCEF credits to customer bills. A SCEF financial transaction must be created in C2 to allow Eversource to apply the credits as a line item on the customer bill. A SCEF Profile must be created in C2 to identify participating customers and to support regulatory and revenue reporting. Eversource must also create an electronic intake portal to receive customer applications and accept supporting documentation to verify customer eligibility. IT estimates that implementing this would take approximately 1 year to complete, and the IT costs are estimated at $2.45M.

Detailed IT Project Scope

1. Alternative Bill Credit: Create SCEF financial transaction and location on customer bill for credit to show in C2.

2. Bill print changes for C2 are required to accommodate the credit line item on the bill. In addition, changes are required to our Large Power Billing templates to incorporate the credit line item. Large Power Billing is currently a manual, labor intensive process. This will add another layer to the complexity.

3. Bill print changes require the need for full regression testing from billing through payments (for both Eversource and KUBRA). This requires resources from both the IT and Business at Eversource and resources at KUBRA.

4. SCEF Profile: A profile in C2 will be created to identify customers participating in the program. The profile will help ensure SCEF credits are only applied to participating customer electric accounts.

5. New reporting to track the application of the credits will be required.

6. Front end/workstation changes will be needed for C2 to accommodate misapplied credits (reversals, corrections, transfers).

7. The timing of when we apply the SCEF credits will need to be determined and business rules/processes will need to be developed.

8. Eversource web site enhancements will be necessary to allow Eversource customers to apply to the program and securely transmit any documentation required to verify the customer's eligibility for the program. This will include an interest capture form on Eversource.com as well as a SCEF option on the Eversource Secure Document Upload page.

9. An additional financial component will be required. Revenue accounting reporting will be impacted. Financial activity and aging rules will be required to support it. Appropriate aging rules will need to be assigned and accounting buckets determined for allocation.