Date Filed: July 09, 2026

Witness: RUNYON, JENNIFER M, Stevens, Amanda K
Request from: Public Utilities Regulatory Authority

Question:

Decision, Dec. 17, 2025, Annual Energy Storage Solutions Program Review – Year 5, (Year 5 Decision), pp. 20-25.

a. Comment on whether the adoption of Construct 5 has adversely affected Energy Storage Solutions (ESS) Program enrollment or resulted in any unforeseen implementation challenges.
b. If the response to part (a) is yes, provide recommended solutions to address the identified issue(s). Any such recommendations must consider cost impacts to non-participating ratepayers.

Response:

Eversource has seen no adverse effects on customer enrollment in the Energy Storage Solutions ("ESS") Program (the "ESS Program" or the "Program") based on the adoption of Construct 5. The Company's Distributed Energy Resource Management System ("DERMS") vendor, EnergyHub, has added new features to its back-end system to support the new tiered incentive structure in Construct 5, and the Company's current expectation is that the payment process at the end of the Demand Response season will be smooth, with payments delivered to customers on time.

However, two concerns have come to light regarding implementing Construct 5.

Annual vs. Seasonal Payments

The first issue that has come to light is the new choice included in Construct 5 between seasonal or annual incentive payments. Eversource's DERMS vendor, EnergyHub, has indicated that it would be difficult to support one annual customer payment. In addition, EnergyHub has stated that frequent, seasonally aligned payouts drive higher sustained participation and performance. Paying incentives shortly after each dispatch season reinforces the link between a participant's actions and their reward, improving retention and year-over-year load curtailment consistency. This connection weakens under delayed, annualized payments, particularly for smaller commercial and residential customers who are more sensitive to cash flow timing.

Seasonal payments also reduce confusion, letting customers reconcile payments against their summer or winter performance rather than waiting on a less transparent annual calculation.

Lastly, season-by-season settlement aligns with practices in ISO markets, including ISO New England the New York ISO, where settlements are typically structured around defined seasonal intervals. This approach simplifies M&V reconciliation, reduces the risk of compounding errors over longer settlement horizons, and enables earlier identification of underperforming accounts. This allows for corrective action or targeted outreach before the next season begins. It also supports aggregator and channel partner effectiveness, since these intermediaries depend on timely incentive flows to maintain customer relationships and reinvest in enrollment activities.

To remedy this concern, and because no customers have selected the Annual Payment option to date, Eversource recommends that the Program revert to seasonal payments as the only payment option.

Direct Payment Beneficiaries

In the Final Decision in Docket No. 25-08-05, PURA approved "the use of a standardized form to allow customers to designate alternative payment recipients" and specified that the Connecticut Green Bank ("CGB") could serve as an alternative payment recipient. The Program Administrators ("PAs") submitted a revised ESS Program Manual on January 6, 2026 in compliance with Order No. 19 of the Final Decision in Docket No. 25-08-05 reflecting, among other revisions, changes to Section 6.7 allowing customers to designate a direct payment payee at the time of enrollment who could be a third-party owner ("TPO"), financial institution or other party specified by the customer. In the January 27, 2026 compliance submitted by the PAs in Docket No. 25-08-05 in compliance with PURA's Ruling on the January 6, 2026 motion, the PAs included a "Direct Payment Beneficiary Form"[1] allowing a customer to elect for direct payment to be made to TPOs, financial institutions, or "other", for consistency with the new language in Section 6.7 of the ESS Program Manual. Based on concerns that have recently arisen, as discussed below, Eversource now plans to work with the other PAs to modify Section 6.7 and the Direct Payment Beneficiary Form to eliminate the "other" option so that customers may elect for direct payment to be made to TPOs or financial institutions only, to avoid unintended results.

As anticipated, because of Construct 5's lucrative incentives, particularly for low-income customers, the Program has begun to attract more third-party companies that propose offering various ownership structures (leases, loans, or other arrangements) to ESS customers so the third-party companies can subsequently have the customer's incentive payments directed to the third-parties.

One such third-party company proposed a model in which the third-party company would act as a contractor that "helps customers with financing, enrollment, interconnection, and program participation." In turn, that third-party company would receive all customer incentive payments

[1] https://energystoragect.com/wp-content/uploads/2026/02/Payment-Beneficiary-Form-2026.pdf

for customers they assisted. The third-party company proposed using the Direct Payment Beneficiary Form to receive such payments, and claimed the third-party company fell into the "Other" category as a Payment Beneficiary Type. Eversource understood that the Direct Payment Beneficiary Form was created to be used for customers seeking to return their upfront incentive to CGB in order to remove their passive dispatch obligations and enroll in Construct 5. The proposal from this third-party company was not an intended use of the Direct Payment Beneficiary Form.

Eversource is now concerned that Section 6.7 and the Payment Beneficiary Form unintentionally introduce a loophole for potentially unscrupulous "Other" companies to take advantage of unsuspecting customers (or those unfamiliar with the ESS Program) by convincing customers to allow another entity to take Active Dispatch incentive payments generated by batteries that the customer owns while still requiring the customer to make significant payments to the entity. Eversource will therefore work with the other PAs to revise Section 6.7 and the Payment Beneficiary Form to remove this language so that only financial institutions or TPOs may be designated as payment beneficiaries.

By default, the ESS Program pays Active Dispatch incentives to the system owner. In the case of a TPO, such as the now-defunct Sunnova, the final payment arrangement is between the customer and the TPO. The Program makes all payments to the TPO and the contract between the customer and the TPO is outside of the Program scope. When a new TPO applies to participate in the Program, the PAs review a copy of the standard lease agreement; however, there is still little insight into the final contractual arrangement between the Customer and the TPO and the PAs are not a party to that agreement. That said, since the TPO is the owner of the system, that provides verifiable grounds for the ESS Program Administrators to direct payments to a confirmed TPO.

Eversource will work with the other PAs to amend Section 6.7 and the Payment Beneficiary Form to eliminate this unintentional loophole so that a customer can only designate a TPO, an accredited financial institution, or the CGB to use the Payment Beneficiary Form to collect Active Dispatch incentives. The Payment Beneficiary Form should only be allowed to be used by customers who are paying back upfront incentives so they can enroll in Construct 5 or customers who have taken out a loan with an accredited financial institution and, for administrative simplicity, wish to direct their Active Dispatch incentives to the accredited financial institution to go toward the repayment