STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

ANNUAL ENERGY STORAGE SOLUTIONS PROGRAM REVIEW – YEAR 6	: : :	DOCKET NO. 26-08-05 JULY 9, 2026

WRITTEN COMMENTS OF THE UNITED ILLUMINATING COMPANY

The United Illuminating Company ("UI" or the "Company") provides the following Written Comments, in response to the Notice of Request for Written Comments (the "Notice"), issued by the Public Utilities Regulatory Authority ("PURA" or the "Authority") on June 16, 2026, in the above captioned docket.

The Notice requests that docket participants file written comments concerning two topics: the enrollment incentive clawback and the front-of-the-meter storage tariff. UI addresses these topics, in turn, below.

1. Enrollment Incentive Clawback

BACKGROUND

The ESS program design under the newly implemented Construct 5 reflects a deliberate shift toward performance-based compensation and reduced upfront incentives, with simplified participation requirements to support further customer adoption and administrative efficiency. Accordingly, should the Authority determine that an enrollment-based clawback mechanism is warranted, UI respectfully recommends that such a mechanism be carefully scoped, administratively feasible, and designed to mitigate unintended impacts on customers and program participants. UI supports the Authority's objective of ensuring that enrollment incentives produce sustained program value for customers and ratepayers. UI's concern is not with that objective, but with ensuring that any clawback mechanism is targeted, cost-effective, and administrable.

COMMENTS

a. Balancing Ratepayer Benefits and Implementation Costs

UI acknowledges that a clawback could discourage early disenrollment and help ensure alignment between enrollment incentive payments and expected long-term participation. However, as noted previously in the Program Administrator's ("PAs") January 21, 2026, Joint Motion for Reconsideration and Clarification of Motion No. 15 Ruling, the increased administrative processes that must be put in place to implement an additional clawback mechanism come at an increased cost to both participating, and non-participating ratepayers.

Implementing a clawback mechanism based on enrollment time requires the PAs to establish new processes including calculating prorated repayment obligations, integrating repayment processes into the yearly RAM, and the management of customer communications, disputes, and clawback enforcement. All these previously mentioned processes will increase allocated program hours across the EDCs and CT Green Bank teams, leading to increased ratepayer costs, all for a reduced enrollment incentive that was originally designed to shift the program to a more performance-based incentive structure.

If the Authority proceeds with implementation of an enrollment-based clawback, UI recommends that the Authority requires a cost-effectiveness threshold to ensure that the expected administrative, collection, dispute resolution, and reconciliation costs do not materially outweigh the expected ratepayer benefits from recovered prorated incentive amounts. A clawback should not be applied where the expected cost to administer, collect, dispute, and reconcile the repayment is likely to exceed or materially erode the amount recovered for ratepayers.

b. Customer Impacts and Equitable Treatment

UI appreciates the Authority's recognition that early disenrollment may occur for reasons outside of a customer's control including equipment malfunction or degradation, OEM insolvency, changes in customer occupancy or relocation, and transfer of system ownership. Instituting a broadly applied clawback without appropriate safeguards in place could result in unintended financial hardship and may discourage customer participation, particularly in residential and small commercial segments.

To safeguard the ESS Program customer experience, UI recommends that an enrollment timeframe-based clawback mechanism incorporate clearly defined exemptions for customers impacted by circumstances outside of their reasonable control, including equipment failure not attributable to customer action; OEM or vendor bankruptcy, force majeure events, and property transfer or change in ownership where the original participant no longer controls the asset.

c. Design Considerations for an Enrollment-Based Clawback Mechanism

If implemented, UI recommends that the Authority consider a targeted and administratively practical design by applying the proposed clawback mechanism only to residential and commercial customers installing battery systems exceeding their annual peak demand. This modification would establish an additional safeguard for third-party owners and aggregator-owned systems that may be intentionally oversized under the more lucrative Construct 5 incentive structure.

Limiting the clawback mechanism in this manner would help mitigate the risk that higher incentive awards could inadvertently encourage uneconomic system sizing or participation driven primarily short-term financial opportunity rather than long-term grid value and customer benefit.

While UI remains concerned that the re-introduction of any clawback mechanism will increase program complexity and potentially create customer confusion, this targeted methodology leverages an existing screening process and relies on data already collected during the application stage. As a result, it would impost lower administrative burden on the Program Administrators while reinforcing appropriate battery sizing practices and supporting the efficient use of ratepayer-funded incentives.

d. Alignment with Construct 5 Framework

Construct 5 was originally created to reduce customer reliance on upfront incentives, increase reliance on performance-based compensation, and to simplify participation requirements. Within the Construct 5 framework without an enrollment clawback provision, the framework limits ratepayer exposure by tying customer compensation to actual system performance during their program enrollment period. Implementing a clawback mechanism should be designed to complement, not materially complicate the framework, and should avoid reintroducing complexity that could affect customer program understanding and participation.

CONCLUSION

UI appreciates the Authority's thoughtful consideration of the enrollment incentive clawback provision and its commitment to ensuring continued success of the ESS Program. Should the Authority move forward with the implementation of an enrollment incentive clawback, UI respectfully recommends that the mechanism be:

1. Carefully scoped and targeted
2. Supported by clear customer protections and exemptions
3. Administratively feasible within existing program infrastructure

4. Consistent with the streamlined, performance-based design established under Construct 5

2. Front-of-the-meter (FTM) Storage Tariff

BACKGROUND

At the outset, UI emphasizes that this limited retail tariff issue should not be conflated with the Energy Storage Solutions ("ESS") Program. ESS is a customer-facing, behind-the-meter ("BTM") program designed around customer enrollment, incentives, and dispatch. In contrast, standalone FTM storage raises distinct considerations, including wholesale participation, retail charging treatment, metering and settlement, and grid-facing operational roles that fall outside the scope of ESS administration.

As identified in the Notice, while the Company's FERC-approved Wholesale Distribution Access Tariff ("WDAT") enables FTM resources to participate in wholesale markets, it does not provide a mechanism for such resources to procure energy at retail. This creates a structural gap between the State's retail rate framework and the wholesale participation construct. This gap reflects the Authority's prior direction in Docket No. 22-08-05[1] , where PURA addressed FTM storage barriers as a distinct category and advanced a separate tariff pathway that resulted in WDAT implementation, but did not establish a corresponding retail construct.

This gap is increasingly relevant as PURA evaluates time-varying rate ("TVR") concepts across multiple proceedings, including consideration of TVR-related metrics in performance-based regulation and retail rate design in rate case proceedings. This includes evaluation of time-of-use ("TOU") rate design to better align price signals with system conditions.

However, because the WDAT framework does not provide access to retail, time-differentiated rates, standalone FTM storage cannot operate under consistent time-based price signals across charging

[1] See, Docket No. 22-08-05, Final Decision, dated December 21, 2022.

and discharging functions. This misalignment limits efficient system response and undermines the intended benefits of time-varying rate design.

Finally, not all FTM storage use cases are similarly situated. Where FTM storage is deployed to meet identified distribution system needs—such as reliability or wires deferral—those applications align with the Non-Wires Solutions ("NWS") framework[2], which evaluates resources based on system need and cost-effectiveness rather than customer participation. This further supports maintaining a clear separation between ESS program administration, standalone FTM tariff development, and NWS-driven deployment.

COMMENTS

a. *FTM Treatment Outside ESS*

UI recommends that the Authority maintain the fundamental program distinction between standalone FTM storage and the ESS Program. ESS is a Behind-the-Meter ("BTM"), customer-participation program with defined enrollment pathways, incentives, and dispatch constructs. Standalone FTM storage is not similarly situated. It may participate in wholesale markets, charge from the distribution system, and provide grid-level services, requiring different metering, settlement, and regulatory treatment.

Incorporating FTM storage into ESS would misalign the program with its intended design and create administrative and jurisdictional inconsistencies. The issue raised in the Notice is a narrow retail tariff question—how standalone FTM storage may procure energy at retail—not a basis to expand the ESS Program to include fundamentally different resource types.

[2] See, Docket No. 24-08-08, Final Decision, December 18, 2024.

b. ***A Separate FTM Pathway***

The Authority's prior treatment of FTM storage in the December 21, 2022, Final Decision in Docket No. 22-08-05 reinforces that FTM should be addressed through a distinct regulatory pathway. In that proceeding, PURA identified "FTM storage barriers" as a separate category and directed the development of standalone tariff and incentive concepts through a dedicated working group.

That process resulted in the development of a Wholesale Distribution Access Tariff ("WDAT")[3] to enable wholesale participation, reflecting that FTM storage has been developed through separate tariff and market constructs. The Authority did not incorporate FTM into ESS administration and expressly left open the possibility that FTM may be more appropriately addressed outside the ESS annual review framework. Consistent with this record, any retail TOU rate for FTM storage should be developed as an extension of the WDAT/FTM analytical track, not as an expansion of ESS.

c. ***Retail TOU as Limited Tariff Solution***

UI recognizes that the Notice identifies a discrete gap in the current framework: the absence of a retail mechanism for standalone FTM storage to procure energy. A retail time-of-use ("TOU") rate may provide a limited path to address this issue by introducing time-differentiated retail pricing aligned with system conditions.

However, any such rate must remain narrowly scoped. A retail TOU rate, if developed, should be limited to a technical retail charging construct and

- Revenue neutral
- Grounded in cost causation

[3] See, Docket No. 22-08-05, UI Correspondence – FERC Order Accepting Wholesale Distribution Tariff, dated January 29, 2025.

- Limited to defining how FTM storage procures energy at retail

A retail tariff should not introduce ratepayer-funded incentives or avoided-cost compensation constructs. Such approaches could create overlap with wholesale market compensation and should be carefully evaluated to avoid duplicative compensation or jurisdictional conflict, including in light of FERC Order 2222 implementation requirements. These considerations are more appropriately addressed through the NWS framework or other distribution planning processes.

d. ***Grid Services through NWS Framework***

To the extent FTM storage is proposed to provide grid services such as peak load reduction, reliability support, or wires deferral, those use cases should be evaluated within the NWS framework—not ESS or a retail TOU tariff. As reflected in prior NWS decisions and filings, including the framework established in Docket No. 24-08-08, the NWS process is designed to identify and procure resources that address defined distribution system needs based on cost-effectiveness and performance.

Unlike retail TOU constructs, which are intended to influence charging and discharging behavior through price signals, NWS-aligned FTM storage is deployed to address specific distribution system needs and must operate in a manner that supports those identified system requirements. As a result, these resources are more appropriately evaluated through a planning and procurement framework that prioritizes reliability, system performance, and cost-effectiveness rather than retail rate design. A retail TOU tariff may influence charging behavior, but it does not replace a planning-based procurement process for resources needed to resolve specific distribution system constraints.

While the NWS program has been paused by the Authority, the underlying principle remains applicable: FTM storage deployed to satisfy identified distribution system needs should be evaluated as a system resource through the appropriate planning and procurement process rather than through retail tariff constructs. Addressing these use cases through ESS or a retail tariff could create overlap with future distribution planning initiatives, introduce competing operational objectives, and result in inconsistent treatment of similarly situated resources.

CONCLUSION

UI appreciates the Authority's efforts to evaluate whether a retail tariff mechanism is needed for standalone FTM storage and agrees that the record supports a clear and limited path forward. UI recommends that the Authority decline to incorporate standalone FTM storage into the ESS Program, recognize the December 21, 2022, Final Decision in Docket No. 22-08-05 as establishing a separate FTM design track, and address the identified retail charging gap through a narrowly scoped TOU tariff process. UI further recommends that FTM storage providing distribution system value be evaluated under NWS framework or other appropriate proceedings. Maintaining these distinctions will preserve program integrity, avoid jurisdictional conflicts, and ensure that FTM storage is evaluated under the appropriate regulatory framework for each use case. UI looks forward to continued engagement with the Authority and stakeholders.

Respectfully submitted,

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CERTIFICATION

I hereby certify that on July 9, 2026, the foregoing document was filed with the Public Utilities Regulatory Authority, and copies of the foregoing document were served upon each person designated on the Authority's official service list in this proceeding in accordance with R.C.S.A. § 16-1-15.

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