**Company**
**Docket No. 26-08-05**
**Response to Interrogatory CAE-9**
**Date of Submission: August 28th, 2026**
**Witness: Jennifer Runyon Eversource, Logan Taricani United Illuminating, Sergio Carrillo Connecticut Green Bank**

**Question:**

CAE-9 Estimate the administrative costs associated with implementing an enrollment incentive clawback provision under which a project that disenrolls before the end of its 10-year enrollment term must repay a prorated portion of its enrollment incentive. For example, a project that disenrolls after one year could be required to repay 90% of the enrollment incentive. Justify all cost estimates provided and break them down to the greatest level of detail practicable, including individual itemized cost components.

**Response:**

The process described below pertains to voluntary unenrollment requests by a Customer or Third-Party Operator ("TPO"). This process could not reliably be used for customers who move out of their homes without telling the Program Administrators ("PAs") that they have moved or the name of the new homeowner, and without providing the PAs the new homeowner's signed Terms and Conditions. In a move-out situation, the PAs will make every effort to re-enroll the new homeowner's battery energy storage system ("BESS") into the ESS Program but repayment of the initial enrollment incentive will likely be difficult to obtain and there will be little motivation for the original customer to ensure that the new customer enrolls in the Program.

The clawback process would be handled as a structured administrative recovery process. The PAs would first calculate the prorated incentive amount owed, notify the customer, and provide repayment information and next steps.

**Acknowledge the unenrollment request**

The PAs would need a new program rule within the Program Manual that states, "unenrollment cannot take place until the prorated incentive amount is collected in full." Once this is added to the Program Manual, the Distributed Energy Resources Management Systems ("DERMS") Vendors, the Original Equipment Manufacturers ("OEMs"), Customers and all other parties would need to be notified that customers cannot unenroll until their prorated enrollment incentive is paid back in full. An additional rule change that would be needed is to be able to clawback enrollment incentives from Construct 5 Active dispatch events until their prorated clawback is met.

The remainder of this process assumes that the Public Utilities Regulatory Authority ("PURA") approves the rule change, and it is implemented in the next Program Manual revision. The PAswould acknowledge the unenrollment request and document an unenrollment reason, though would not move the customer to unenrolled status. The PAs would then provide the customer the prorated clawback amount remaining and the repayment methods available such as a mailed check

with the correct ESS number indicated or possibly a yet-to-be-developed Automated Clearing House ("ACH") transfer.

**Verify the customer's incentive and participation history**

In order to provide the prorated clawback incentive amount, the PAs would review the customer's enrollment record, approved incentive amount, incentive payment date, confirmed operational date, participation period. Then the PAs would calculate the prorated remaining enrollment incentive amount by reviewing how long the customer has participated in the Program, how much time is still remaining on their 10-year contractual agreement, and whether the repayment obligation applies to the customer or TPO.

**Calculate the prorated incentive amount**

The PAs would calculate the repayment amount using the applicable prorating method. The calculation would start with the total incentive and reduce that amount based on the portion of the required participation period the customer completed.

**Prepare the repayment notice**

The PAs would prepare a written or verbal notice to the customer explaining why the prorated repayment is being requested if the customer did not acknowledge this responsibility in the initial unenrollment request. The response would identify the customer account or project, the incentive originally paid out, the Program requirement that triggered repayment, the prorated amount owed, the payment deadline, as the payment amount would decrease annually and allow for the customer to have the opportunity to ask questions.

**Send the notice and supporting documentation, if applicable**

The PAs would send the notice to the customer or TPO using the contact information on file and include enough supporting documentation for the customer to understand the basis for repayment as noted above. For example, this could include the relevant Program Terms and Conditions language, a summary of the participation requirement, and the prorated calculation. If the incentive was paid to another party, the PAs would also determine whether that party should receive notice on behalf of the customer.

**Provide time for response**

The PAs would need to allow for a reasonable incentive collection period. However, this could prove to be tricky to determine because there are only three months each year (April, May, October) that are not part of the Summer or Winter demand response season. As demand response

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seasons pass, the prorated enrollment incentive would decrease, despite the fact that the customer is presumably not participating.

The PAs would carefully consider any and all responses from the customer or TPO. Should the Customer or TPO provide an unenrollment reason that had not been contemplated before, the PAs, if they do not have the discretion to determine whether the provided scenario makes sense to enforce an enrollment clawback or not, may require PURA to review and approve the unenrollment request before finalizing the repayment amount, payment instructions, payment deadline, and the consequences of nonpayment.

**Track payment and follow up**

The PAs would track whether payment is received by the deadline. If payment is not received, the PAs would not unenroll the Customer. Assuming further performance from a customer that wants to unenroll but is unwilling to pay back the prorated upfront incentive remains uncertain.

**Unenroll the customer**

If the payment is received and the check clears, the customer will then be allowed to unenroll. The PAs will change the Customer's status in the DERMS to unenrolled. The customer or TPO will not be entitled to any future performance payments.

**The cost of recovery**

Based on the process as described above, and assuming the ESS program rules are changed to prohibit a customer from unenrolling until the incentive is paid back, then the PAs estimate it will take approximately 5 to 10 hours of full time employment hours per clawback in a normal scenario. This 5 to 10 hours would include PAs' time as well as accounting, the data team, and other support teams; however, this does not include any legal costs or situations that have an elevated number of customer interactions. This results in approximately $707 to $1,414 per project. If the rules of the ESS Program are not changed, then the PAs would have to hire a debt collection service which may cost 30% of any recovered funds received.