STATE OF CONNECTICUT
OFFICE OF CONSUMER COUNSEL
TEN FRANKLIN SQUARE
NEW BRITAIN, CONNECTICUT 06051

TELEPHONE
(860) 827-2900
VOICE AND TDD
WWW.CT.GOV/OCC

July 9th, 2026

Public Utilities Regulatory Authority
Ten Franklin Square
New Britain, CT 06051

Re: Docket No. 26-08-05 –Annual Energy Storage Solutions Program Year 6, Written Comments Set 1

Dear Commissioners:

The Office of Consumer Counsel ("OCC") submits these written comments in response to the Authority's First Notice of Request for Written Comments issued on June 11, 2026, in the above-captioned docket.

OCC fully supports the goals of the Energy Storage Solutions ("ESS") Program and the assessment of continued strategic adjustments to ensure continued alignment with the program's objectives. The ESS Program is funded entirely by ratepayers and subject to the Public Utilities Regulatory Authority's ("Authority") prudency review in the annual Rate Adjustment Mechanism proceedings. As such, OCC has a direct and ongoing interest in ensuring that program incentive structures, cost recovery mechanisms, and design parameters deliver corresponding ratepayer value over the full program term.

These comments address two principal issues raised in the Notice: (1) the design and implementation of an enrollment incentive clawback mechanism; and (2) the development of a retail time-of-use ("TOU") rate for front-of-the-meter ("FTM") energy storage resources. OCC addresses each in turn below.

I. ENROLLMENT INCENTIVE CLAWBACK

The Year 5 Decision in Docket No. 25-08-05[1] restructured the ESS Program to place greater weight on performance-based compensation, replacing the prior upfront incentive and Passive Dispatch structure with a smaller enrollment incentive paired with higher ongoing performance payments over a ten-year Active Dispatch period. This shift reflects the Authority's stated intent to better align incentive payments with delivered ratepayer value and to minimize ratepayer risk from participants who receive upfront benefits but fail to deliver system benefits over the full program term.

As part of the Construct 5 framework and the deferred Motion No. 15 Ruling, [2] the Authority has indicated its intent to evaluate, in this annual review, whether a clawback mechanism should attach to the enrollment incentive in circumstances where a participant disenrolls before completing the ten-year term. OCC believes ratepayer-funded incentives must be conditioned on the delivery of ratepayer value over the full enrollment term for which they were designed. The enrollment incentive was specifically structured to lower barriers to entry for storage deployment by offsetting high upfront capital costs. That policy justification is inseparable from the participant's commitment to remain enrolled and provide grid services for ten years. A participant who receives the enrollment incentive and subsequently disenrolls captures a ratepayer-funded subsidy without providing the offsetting system benefits, reduced peak demand, grid reliability support, and emission reductions that ratepayers paid for. This result is neither equitable nor consistent with the program's statutory objectives.

Importantly, the clawback mechanism serves a dual ratepayer protection function: it provides direct cost recovery when early disenrollment occurs and operates as a prospective deterrent against opportunistic disenrollment, thereby preserving the integrity of Active Dispatch enrollment projections upon which program cost-benefit analyses are built.

A. Benefits and Costs of a Clawback Mechanism

[1] Final Decision, Docket No. 25-08-05*Annual Energy Storage Solutions Program Review-Year 5,* December 17th 2025.
[2]Docket No. 25-08-05, Jan. 13, 2026, p. 2.

OCC submits that the ratepayer protection benefits of a clawback mechanism outweigh the administrative costs of its implementation and supports equal prorated schedules as the appropriate clawback calibration. The enrollment incentive is structurally distinct from the performance incentive; the former is designed to lower barriers to upfront investments, while the latter addresses ongoing grid services delivery through Active Dispatch compensation. Additionally, the enrollment incentive does not diminish in value as the participant progresses through the term, its full potential/rationale is realized upon completion of the term/commitment. Equal proration also operates as a prospective deterrent against opportunistic early disenrollment, preserving the integrity of Active Dispatch enrollment projections upon which the program's cost-benefit analysis is premised.

OCC therefore urges the Authority to adopt a clawback mechanism with a clearly defined equal proration schedule calibrated to the proportion of the enrollment term not completed, and the corresponding ratepayer value not delivered. OCC also urges the Authority to consider and adopt carveouts for circumstances genuinely beyond a participant's control. However, caution should be taken in allowing these cases to become the basis for abandoning the clawback framework altogether. The appropriate response to legitimate hardship categories is a defined exemption process, not categorical elimination of that obligation. Any exemption framework should be narrowly tailored, require affirmative documentation, and place the burden of demonstrating qualifying circumstances on the participant seeking relief.

B. Allocation of Repayment Responsibility

OCC submits that the repayment liability should generally rest with the party who received and benefited from the enrollment incentive, typically the customer, or where applicable, the installer or developer who structured the transaction and was the proximate beneficiary of the incentive through reduced project cost or enhanced financing terms. Where the disenrollment decision is driven by the installer or developer rather than the customer, for example, through a contract termination, equipment removal, or failure to maintain dispatch eligibility, liability should follow that decision. The Authority should establish clear allocation rules that track causation and control over the disenrollment event rather than defaulting to the account holder regardless of who made the relevant decision.

As a practical collections matter, OCC recommends that the Authority authorize Active Dispatch performance payment offsets to serve as the primary clawback mechanism. Program data suggests that approximately 98.5% of recoverable clawback amounts could be recouped through withholding or offsetting against a participants ongoing performance payment.[3] This approach is administratively efficient, minimizes collection risk, and is structurally self-executing within the existing payment infrastructure. The Authority should direct program Administrators to develop a standardized offset and billing recovery protocol for the Authority's approval prior to implementation.

C. Universal and Limited Incentive Threshold Application

OCC supports the application of the clawback obligation across all participant classes, consistent with the program's design intent. The enrollment incentive was structured to support broad storage deployment by negating high upfront capital costs, and that policy justification applies regardless of whether the participant is a residential customer, commercial and industrial ("C&I") account, or an aggregated project. Early disenrollment by any participant class imposes the same structural harm: ratepayers have paid for grid services that will not be delivered.

That said, OCC acknowledges that a *de minimis* threshold may be appropriate to avoid disproportionate administrative cost relative to recovery value for the smallest residential participants. Any *de minimis* exemption should be calibrated to the actual administrative cost of collection, not used as a broad carve-out for a significant share of the residential participant population. OCC recommends that the Authority quantify the administrative cost of clawback collection per participant before establishing any threshold, to ensure the exemption is grounded in demonstrated cost-efficiency analysis rather than programmatic convenience

II. FTM STORAGE RETAIL TOU RATE

OCC addresses the Authority's five enumerated design issues with respect to the development of a retail TOU rate applicable to FTM storage resources purchasing energy from the EDCs:

A. Rate Structure and TOU Period Definition

[3] *See* CAE-22, Interrogatories in Docket No. 25-08-05, September 12th 2025

OCC does not have a specific time period structure to recommend but emphasizes that any future retail TOU rates for FTM storage should closely align with cost causation to send accurate price signals for incentivizing storage facilities to efficiently charge and discharge to the grid. While OCC generally supports simplicity and consistency of time periods with active retail TOU pilots, a more granular time period structure would be appropriate for FTM resources to maximize peak reduction and deliver the associated benefits to ratepayers. Such deviations should be explicitly justified in the record and subject to stakeholder comment before adoption. **Alignment with Wholesale Rate Structures (WDATs).**

OCC flags the importance of ensuring that the retail TOU rate developed in response to New Leaf's proposal addresses a meaningful rate design. By way of background New Leaf Energy has proposed a two-step compensation structure under which a FTM storage operator would receive sufficient charging–cost coverage to incentivize daily dispatch[4]. This approach recognizes that energy arbitrage alone is insufficient to cover charging costs and would then receive utility compensation based on avoided costs attributable to that facility's actual peal-hour performance, calculated off ISO-NE transmission and capacity rate components.

OCC sees value in New Leaf Energy's proposed load reducer model. The model's structure, a retail TOU rate that foregoes wholesale market participation in exchange for sharing measured load reduction benefits through difference in energy costs, avoided capacity cost and avoided transmission costs. This proposal potentially integrates the value of avoided transmission costs into a FTM storage tariff, which in turn sends a more complete price signal and incentivizes a level of FTM storage deployment that better reflects total ratepayer benefits.

However, OCC respectfully submits that the avoided costs associated with the FTM storage load reduction must first be demonstrated through a rigorous avoided cost study showing that those avoided costs efficiently exceed the costs of facility operation and tariff implementation before any tariff is established.

B. Metering Requirements

[4] *See* New Leaf Correspondence, Docket No. 25-02-14, *Renewable Energy Tariff Programs Successor Study*, Sept. 23, 2025, p. 8

OCC notes that metering infrastructure requirements for a retail TOU rate applicable to FTM storage present cost and standardization concerns that should not be understated. To the extent the proposed rate applies to resources purchasing energy from the EDC rather than to export or dispatch metering, advanced metering infrastructure ("AMI") buildout concerns may be less central. However, the Authority should require the EDCs to clearly specify what metering upgrades, if any, are required for FTM participants and who bears those costs before the rate is finalized. Any metering cost that falls to ratepayers should be subject to prudency review.

C. Eligibility Criteria

OCC recommends that "standalone" FTM storage be precisely defined in the tariff to avoid overlap with hybrid or co-located resources that may have different cost structures and grid service profiles. At minimum, the eligibility criteria should address: (a) whether co-located generation renders a resource ineligible for the FTM TOU rate; (b) whether a minimum storage capacity threshold applies to ensure cost-effectiveness; and (c) how eligibility interacts with existing ESS Program enrollment for resources that may otherwise qualify under both frameworks.

D. Stakeholder Process and Timeline

OCC recommends a phased approach to TOU rate development: an initial technical working group to address metering, WDAT alignment, and eligibility definition questions; a straw proposal circulated for stakeholder comment; and an EDC compliance filing implementing the final approved rate structure. OCC opposes any expedited timeline that forecloses meaningful stakeholder input on rate design issues with lasting ratepayer cost implications.

E. Ratepayer Protection Conditions

OCC emphasizes that the Authority's stated commitment to revenue neutrality is a necessary but not sufficient ratepayer protection. Revenue neutrality establishes that the TOU rate should not increase aggregate cost recovery beyond approved levels, but it does not resolve cost allocation questions, specifically, whether any shortfall or surplus resulting from FTM storage participation is distributed equitably across rate classes. The Authority should require a cost allocation review as a condition precedent to implementation and should establish clear reporting obligations to allow OCC and other parties to monitor cross-subsidization risk on an ongoing basis.

OCC appreciates the opportunity to submit these written comments and thanks the Authority for its continued work on the EES Program.

Respectfully submitted,

STATE OF CONNECTICUT OFFICE OF CONSUMER COUNSEL

CLAIRE E. COLEMAN
CONSUMER COUNSEL

By: /s/ Paschaline Poku
Paschaline Poku
Staff Attorney

Alex Wang
Economist

CERTIFICATE OF SERVICE

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

Dated at New Britain, Connecticut this 9th day of July, 2026.

/s/Paschaline Poku
Commissioner of the Superior Court