The LREC/ZREC PROGRAM

An Opportunity to Develop Behind-The-Meter Renewable Generation in Connecticut
Program Overview

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Customers are Interested in Renewable Generation

Drivers:
* To “Go-Green”
* To reduce, or better predict, spending on energy

Barriers:
* Cost of Systems
* No clear long-term revenue streams to support capital investments

* Public Act 11-80 created an opportunity for developers and installers of small renewable systems
* CL&P and UI will enter into 15 year contracts to purchase “RECs” from new small renewable projects
What is a REC? = Renewable Energy Certificate

* How is a REC Created?
  * Each time a renewable generation unit produces, the energy is considered “renewable”
    * LREC: Low – emission RECs = e.g Fuel Cells
    * ZREC: Zero – emission RECs = e.g Solar, Wind, Small Hydro
  * Each megawatt hour of energy produced = 1 REC

* Why Should You Care About RECs?
  * RECs have a value (commodity) and are used by electric companies to satisfy regulatory requirements (RPS)
The REC purchase is a separate transaction.
REC Contract with a developer
### Procurement Processes

1) **Competitive Solicitation - (RFP)**

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Size</th>
<th>Annual Budget</th>
<th>Renewable Energy Credit Price Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large ZRECs</td>
<td>$\geq 250$ kW to 1,000 kW</td>
<td>Approximately $2.7$ M</td>
<td>Max. $350$/REC</td>
</tr>
<tr>
<td>Medium ZRECs</td>
<td>$&gt; 100$ kW &lt; 250 kW</td>
<td>Approximately $2.7$ M</td>
<td>Max. $350$/REC</td>
</tr>
<tr>
<td>LRECs</td>
<td>Up to 2,000 kW</td>
<td>$4$ M</td>
<td>Max. $200$/REC</td>
</tr>
</tbody>
</table>

2) **Tariff (filed for PURA approval 5/14/12)**

<table>
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<th>Size</th>
<th>Annual Budget</th>
<th>Renewable Energy Credit Price Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small ZRECs</td>
<td>Up to 100 kW</td>
<td>Approximately $2.7$ M</td>
<td>Weighted Average of the Medium ZREC price + 10% up to $350$/REC</td>
</tr>
</tbody>
</table>
Request for Proposals (RFP)

- RFP covers LREC Projects and ZREC Projects >100 kW
- Open to customers and developers
- Projects will be selected, and utilities will enter into 15 year contracts to purchase the ZRECs and LRECs from selected projects
- Key Program Documents:
  - RFP, Standard Contract, Solicitation Plan, PURA Decision – Docket 11-12-06, Question and Answer Document (updated periodically)
LREC & ZREC Eligibility

General Project Eligibility Criteria

* Must be located behind contracting utility distribution meter
* Must not have received funding/grants from Clean Energy Finance Investment Authority, or its predecessor the CT Clean Energy Fund (other than low cost financing)
* Projects must be in service on, or after, July 1, 2011

* **LRECs**
  * No larger than 2,000 kW
  * Must have low emissions
    * <0.07 lbs/MWh NOx; <0.10 lbs/MWh CO; 0.02 lb/MWh VOCs, 1 grain per 100 standard cubic feet
  * May include fuel cells and other low emission Class I resources, as well as all zero emission Class I resources

* **ZRECs**
  * No larger than 1,000 kW
  * Must have zero emissions
  * May include solar, hydro and wind
The contract price of RECs from Zero Emission units is capped at $350/REC

Example 1: 100 kW Solar System ~ 114 RECs/year
- Annual Payment ~ $39,900
- $350/REC x 114 RECs/year ~$39,900
- Total Payment over 15 years ~ $600k

The contract price of RECs from Low Emission units is capped at $200/REC

Example 2: 400 kW Fuel Cell ~ 3,154 RECs/year
- Annual Payment ~ $630,700
- $200/REC x 3,154 ~ $630,700
- Total Payment over 15 years ~ $9.5M

Examples assume REC prices at the cap. The market will set actual REC prices.
Budget & commitment schedule
# RFP Schedule

<table>
<thead>
<tr>
<th>Action Item</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release of RFP</td>
<td>May, 1, 2012</td>
</tr>
<tr>
<td>Bidders Conference</td>
<td>May 21, 2012</td>
</tr>
<tr>
<td>Notice of Intent to Bid (Optional)</td>
<td>May 25, 2012</td>
</tr>
<tr>
<td>Deadline for Submission of Questions</td>
<td>May 29, 2012</td>
</tr>
<tr>
<td>Final Q&amp;A to Be Posted</td>
<td>June 11, 2012</td>
</tr>
<tr>
<td>Bidder Response Forms Due</td>
<td>June 12, 2012 by 1:00 P.M.</td>
</tr>
<tr>
<td>Pricing to Remain Firm, Irrevocable and Binding Until:</td>
<td>August 1, 2012, 5:00 P.M. (EPT)</td>
</tr>
<tr>
<td>Selection and Notification of Winning Bidders</td>
<td>July 17, 2012</td>
</tr>
<tr>
<td>Standard Contracts Signed</td>
<td>August 7, 2012</td>
</tr>
<tr>
<td>Standard Contract(s) Filed with PURA</td>
<td>Following selection of winning Bidder(s) and execution of Standard Contracts during each Round.</td>
</tr>
<tr>
<td>Commencement of Service</td>
<td>In accordance with Standard Contracts</td>
</tr>
</tbody>
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Email and Websites

- Please submit questions to:
  - CL&P = LREC.ZREC.RFP@NU.COM
  - UI = lrec.zrec@uinet.com

- Please visit LREC/ZREC Websites at:
  - CL&P = www.cl-p.com, Go to “Going Green” and click on Renewable Energy Credits
  - UI = www.uinet.com/powerprocurement