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*Via Electronic Filing and First Class Mail*

February 12, 2020

Jeffrey R. Gaudiosi, Esq.  
Executive Secretary  
Public Utilities Regulatory Authority  
10 Franklin Square  
New Britain, CT 06051

**Re: Docket No. 16-12-29: PURA Development of Voluntary Renewable Options  
Program**

Dear Mr. Gaudiosi:

Enclosed please find the Comments of Retail Energy Supply Association re Second Notice of Request for Written Comments in the above-referenced docket.

I certify that a copy hereof has been sent to all participants of record as reflected on the Public Utilities Regulatory Authority's ("Authority") service list as of this date. A copy has also been filed with the Authority as an electronic web filing and is complete.

Please feel free to contact me if you have any questions or require further information. Thank you.

Sincerely,

  
Joey Lee Miranda

Enclosure

Copy to: Service List

STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

PURA DEVELOPMENT OF VOLUNTARY : DOCKET NO. 16-12-29  
RENEWABLE OPTIONS PROGRAM :  
: FEBRUARY 12, 2020

**COMMENTS OF RETAIL ENERGY SUPPLY ASSOCIATION  
RE SECOND NOTICE OF REQUEST FOR WRITTEN COMMENTS**

The Retail Energy Supply Association (“RESA”)<sup>1</sup> hereby submits its comments in response to the Public Utilities Regulatory Authority’s (“Authority”) January 29, 2020 Second Notice of Request for Written Comments in the above-captioned proceeding.<sup>2</sup>

**BACKGROUND**

On December 20, 2016, the Authority opened this proceeding to “establish a new program to replace the Connecticut Clean Energy Option Program that was terminated” by its December 21, 2016 Decision in Docket No. 10-05-07RE01.<sup>3</sup> The original Connecticut Clean Energy Option Program (“Program” or “CEOP”) allowed Standard Service customers to purchase renewable energy credits (“RECs”) from suppliers selected and at prices derived through a request for proposal process run by the electric distribution companies (“EDCs”).<sup>4</sup>

Over the years, outside of the Program, competitive suppliers developed, marketed, and provided electric supply options that contain renewable energy in addition to the minimum

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

<sup>2</sup> Second Notice of Request for Written Comments (Jan. 29, 2020) (“Second Notice”).

<sup>3</sup> Request to Establish a New Docket on PURA’s Own Motion (Dec. 20, 2016).

<sup>4</sup> See, generally, e.g., Docket No. 03-07-16, *Investigation of Alternative Transitional Standard Offer Services for United Illuminating and CL&P Customers*, Second Interim Decision (Oct. 20, 2004); Docket No. 07-01-09, *DPUC Consideration of the Connecticut Clean Energy Options Program for 2008*, Interim Decision (Sep. 27, 2007).

renewable portfolio standard (“RPS”) requirements (“VROs”).<sup>5</sup> These VROs generally are bundled with electricity supply and have “all-inclusive” pricing that reflects both electricity supply and renewable energy in addition to the RPS minimum requirements.<sup>6</sup>

Nearly three years after the proceeding was originally opened, on November 21, 2019, the Authority revised the purpose of the docket “to develop standards for a new Connecticut Clean Energy Option Program that will govern *all* voluntary renewable offerings and disclosure labels reflecting such offerings . . . .”<sup>7</sup> On November 26, 2019, the Authority issued a Notice of Request for Written Comments and, in order to align VROs with Connecticut’s goals of reducing local greenhouse gas emissions and supporting sustainable local renewable energy sources,<sup>8</sup> presented a proposal (“Initial Proposal”) that would modify the Program to govern all VROs billed through utility consolidated billing (including VROs offered by electric suppliers).<sup>9</sup>

In response to the First Notice, various stakeholders, including RESA, filed comments.<sup>10</sup> On January 29, 2020, the Authority issued the Second Notice and presented a revised proposal (“Revised Proposal”).<sup>11</sup> The Revised Proposal would: (a) make changes to the rules for the Program; and (b) would only allow suppliers to bill REC only VROs (“REC Only VROs”) and VROs bundled with generation supply (“Bundled VROs”) through utility consolidated billing

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<sup>5</sup> See Notice of Request for Written Comments (Nov. 26, 2019) (“First Notice”), at 1.

<sup>6</sup> See, e.g., First Notice, at 1.

<sup>7</sup> Request to Establish a New Docket on PURA’s Own Motion (Nov. 21, 2019) (emphasis added).

<sup>8</sup> See First Notice, at 1.

<sup>9</sup> See *id.* at 2.

<sup>10</sup> Comments of Retail Energy Supply Association (Dec. 20, 2019) (“RESA Initial Comments”); Connecticut Greenbank Response to PURA Request for Written Comments (Jan. 8, 2020); Written Comments of 3Degrees Group Inc., Sterling Planet, and Community Energy, Inc. (Dec. 18, 2019); Written Comments of Choice Energy, LLC and Town Square Energy, LLC (Dec. 20, 2019); Comments of Vistra Energy Corp. (Dec. 20, 2019); Written Comments of Direct Energy Services, LLC and Direct Energy Business, LLC (Dec. 20, 2019); Comments of the Office of Consumer Counsel (Dec. 20, 2019); Bureau of Energy and Technology Policy of the Department of Energy and Environmental Protection’s Written Comments (Dec. 20, 2019); Written Comments of The Connecticut Light and Power Company dba Eversource Energy (Dec. 20, 2019); Written Comments of Starion Energy, Inc. (Dec. 20, 2019); Written Comments of CleanChoice Energy, Inc. (Dec. 20, 2019); Written Comments of The United Illuminating Company (Dec. 20, 2019); Written Comments of Putnam Hydropower Inc (Dec. 20, 2019).

<sup>11</sup> See Second Notice, at 1.

("UCB") if they meet certain requirements.<sup>12</sup> Suppliers that directly bill customers for VROs would not be subject to the requirements of the Revised Proposal.<sup>13</sup> RESA now hereby submits its comments in response to the Second Notice.

### COMMENTS

RESA appreciates the Authority's desire to revise the Program and its consideration of the comments submitted in response to the First Notice.<sup>14</sup> Compared to the Initial Proposal, the Revised Proposal would enhance customers' opportunities to choose VROs billed through UCB. Nevertheless, the Revised Proposal still contains significant restrictions on customer choice that will likely result in customers purchasing less voluntary renewable content than they currently do; thereby, actually undermining Connecticut's goals of reducing greenhouse gas emissions and supporting renewable energy.<sup>15</sup>

While the Authority appears to be interested in creating greater transparency regarding VROs<sup>16</sup> (which RESA supports), this goal can be accomplished using less onerous and more customer-friendly means than curtailing customer choice and the opportunity for consumers to take advantage of the "abundance of green options available."<sup>17</sup> Thus, rather than implementing the Revised Proposal, the Authority should remove restrictions on VROs that can be provided

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<sup>12</sup> See Second Notice, at 1.

<sup>13</sup> See *id.*

<sup>14</sup> See *id.*

<sup>15</sup> See First Notice, at 1.

<sup>16</sup> See Second Notice, at 3.

<sup>17</sup> Docket 10-05-07RE01, *PURA Review of the Connecticut Clean Energy Option Program – Program Review*, Decision (Dec. 21, 2016), at 13 ("the current renewable market reveals an abundance of green options available to Connecticut ratepayers through various alternative programs and numerous green offerings by competitive suppliers.").

through UCB and, instead, adopt measures to increase transparency and verification while continuing to maximize the opportunities for Connecticut customers to purchase VROs.<sup>18</sup>

**I. THE REVISED PROPOSAL WOULD UNNECESSARILY INCREASE PRICES AND REDUCE CUSTOMER CHOICE IN THE VOLUNTARY RENEWABLES MARKET**

Currently, customers can choose from a variety of voluntary renewable product offerings.<sup>19</sup> Under the Revised Proposal, customers using UCB or who prefer UCB (which includes nearly all residential customers) would only be able to choose VROs with 50 or 100% additional renewable content that use RECs that meet the Connecticut Class I technology requirements.<sup>20</sup> A minimum of ten percent (10%) of those RECs would need to be Connecticut Class I New England Power Pool Generation Information System (“NEPOOL GIS”) Certificates.<sup>21</sup> The remaining RECs could be sourced from any of the New England states or Delaware, Ohio, Illinois, Indiana, Michigan, Maryland, North Carolina, New Jersey, New York, Pennsylvania, Virginia, West Virginia, or the District of Columbia.<sup>22</sup> Each of these restrictions will increase the costs of VROs and limit the VROs that customers will buy. As a consequence, the Authority will actually impede the ability of customers to help satisfy Connecticut’s goals of reducing greenhouse gas emissions and supporting renewable energy.<sup>23</sup>

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<sup>18</sup> It is RESA’s understanding that the part of the Revised Proposal setting forth the requirements applicable to the successor to the CEOP (*see* Second Notice, at 2, CEOP successor components 1 through 18) would not apply to electric suppliers offering VROs to be billed through UCB outside of the CEOP. To the extent any of those provisions would apply, the Authority should also revise those requirements consistent with these comments and the RESA Initial Comments.

<sup>19</sup> *See, e.g.*, Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (last visited Feb. 11, 2020).

<sup>20</sup> *See* Second Notice, at 3.

<sup>21</sup> *See id.*

<sup>22</sup> *See id.*

<sup>23</sup> *See* First Notice at, 1.

As RESA noted in its earlier comments,<sup>24</sup> VRO product offerings and prices are influenced by a variety of factors, including the vintage, type, location, and source of the renewables. The more restrictions the Authority places on VROs that can be billed through UCB, the fewer the number of RECs that will be available to satisfy the Revised Proposal's requirements. As a result of the reduced, qualified supply of RECs available and the increased demand for such RECs from suppliers who want to offer VROs through UCB that satisfy the Revised Proposal's parameters, customers will be required to pay higher prices in order to support Connecticut's climate and renewable goals. However, because customers are not willing to support renewables at any cost, they are likely to actually purchase fewer VROs under the Revised Proposal than they do today.

For example, under the Revised Proposal, ten percent (10%) of the RECs for VROs billed through UCB would be required to be supported by Connecticut Class I NEPOOL GIS Certificates.<sup>25</sup> Because there is a finite number of such resources and those resources that are available are needed to meet Connecticut's increasing annual mandatory Class I RPS compliance obligation,<sup>26</sup> there will be extremely limited and, possibly even no, Connecticut Class I NEPOOL GIS Certificates available for VROs.

Moreover, any available Connecticut Class I NEPOOL GIS Certificates will likely be significantly more expensive. The New England Class I REC market is currently experiencing dramatic increases in prices. Over the course of a year, the price of 2019 vintage Class I RECs jumped *over five hundred percent (500%)*.<sup>27</sup> This price increase suggests that the RECs needed

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<sup>24</sup> RESA Initial Comments, at 5.

<sup>25</sup> See Second Notice, at 3.

<sup>26</sup> See Conn. Gen. Stat. § 16-245a.

<sup>27</sup> New England Class I REC Market Update, Power Advisory LLC, <https://poweradvisoryllc.com/new-england-class-i-rec-market-update/> (Nov. 12, 2019) ("In fact, 2019 vintage Class I RECs have climbed all the way from \$7/REC a year ago to about \$40/REC today, a stunning 5.7x increase.") (last visited Feb. 11, 2020).

for mandatory RPS compliance are in high demand and short supply.<sup>28</sup> Further, in 2016, only two-thirds of the companies subject to Connecticut’s RPS fully satisfied those obligations through the purchase of RECs.<sup>29</sup> As a consequence of the limited supplies of Connecticut Class I RECs, very few, if any, suppliers may be able to offer VROs that satisfy the Revised Proposal’s requirements. Further, even for those suppliers who are able to do so, given the limited supply of Connecticut Class I RECs available to satisfy demand, the cost to purchase those RECs will be higher<sup>30</sup> – a cost that will be passed onto customers that choose to continue to purchase VROs and that will likely deter some customers who want to support renewable resources from purchasing VROs.

Furthermore, while RESA appreciates the Authority’s inclusion of additional states from which the remaining 90% of RECs may be sourced for VROs billed through UCB, the restrictions on the jurisdictions<sup>31</sup> and types of RECs<sup>32</sup> from which those remaining RECs may be sourced will still constrain the supply and increase the price of RECs available to satisfy the Revised Proposal’s requirements. As a consequence, customers will be required to pay higher prices in order to support Connecticut’s climate and renewable goals. Conversely, a requirement that permits suppliers to use other types of RECs (i.e., RECs that satisfy the Connecticut Class I, II or III technology requirements) from any jurisdiction that has a reliable tracking mechanism,

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<sup>28</sup> See New England Class I REC Market Update, Power Advisory LLC, <https://poweradvisoryllc.com/new-england-class-i-rec-market-update/> (last visited Feb. 11, 2020).

<sup>29</sup> Cf. Docket No. 17-06-23, *Annual Review of Connecticut Electric Suppliers’ and Electric Distribution Companies’ Compliance with Connecticut’s Renewable Energy Portfolio Standards in the Year 2016*, Decision (Jan. 23, 2019) (“2016 RPS Compliance Decision”), at 41 (“In 2016, 46 electric suppliers and Connecticut’s 2 electric distribution companies were subject to the CT RPS requirements. Of the 48 companies, 32 fully complied with the RPS requirements by procuring and properly settling all of its required renewable energy certificates.”).

<sup>30</sup> See New England Class I REC Market Update, Power Advisory LLC, <https://poweradvisoryllc.com/new-england-class-i-rec-market-update/> (Nov. 12, 2019) (“In fact, 2019 vintage Class I RECs have climbed all the way from \$7/REC a year ago to about \$40/REC today, a stunning 5.7x increase.”) (last visited Feb. 11, 2020).

<sup>31</sup> See Second Notice, at 3 (requiring that the remaining supply RECs would have to be sourced from the New England states or Delaware, Ohio, Illinois, Indiana, Michigan, Maryland, North Carolina, New Jersey, New York, Pennsylvania, Virginia, West Virginia, or the District of Columbia).

<sup>32</sup> See *id.* (requiring that “[t]he remaining supply . . . meet the Connecticut Class I technology requirements . . .”).

will increase the available supply of RECs and avoid artificially inflating the price for VROs. For instance, a significant amount of wind capacity is available throughout the Midwest and in the plains states.<sup>33</sup> While the Revised Proposal would allow renewable energy to be sourced from some Midwestern states, such as Illinois and Indiana, it would exclude other similarly situated states, such as Iowa and Texas.<sup>34</sup> By excluding these other states, the Authority will decrease the supply of RECs available to meet VRO demand and, as a consequence, increase the cost to purchase RECs – a cost that will be passed onto customers that choose to continue to purchase VROs and that will likely deter some customers who want to support renewable resources from purchasing VROs.

These price increases will be further exacerbated by the technology restrictions on the RECs eligible to be used for VROs available through UCB. Under the Revised Proposal, RECs associated with VROs billed through UCB must meet Connecticut Class I technology requirements.<sup>35</sup> As a consequence, RECs generated from technologies meeting the Connecticut Class II and Class III requirements will not be eligible even though RECs generated from such technologies also help to satisfy Connecticut’s greenhouse gas emission reduction and renewable energy goals.<sup>36</sup> This restriction will further constrain the supply of RECs that can be used for VROs billed through UCB and, as a consequence, further increase the cost to purchase those RECs – a cost that will be passed onto customers that choose to continue to purchase VROs and that will likely deter some customers who want to support renewable resources from purchasing VROs.

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<sup>33</sup> See U.S. Installed and Potential Wind Power Capacity and Generation, WINDEXchange, U.S. Department of Energy Office of Energy Efficiency & Renewable Energy, <https://windexchange.energy.gov/maps-data/321> (last visited Feb. 11, 2020).

<sup>34</sup> See Second Notice, at 3.

<sup>35</sup> See *id.* (requiring that “[t]he remaining supply . . . meet the Connecticut Class I technology requirements . . .”).

<sup>36</sup> See, e.g., Conn. Agencies Regs. § 16-245a-1(a).



Additionally, the Revised Proposal requires that VROs billed through UCB contain either fifty percent (50%) or one hundred percent (100%) total renewable energy content.<sup>37</sup> As RESA noted in its initial comments,<sup>38</sup> suppliers offer products based on customer demand, and customers demand a variety of renewable content. Thus, suppliers offer a range of products with differing percentages of renewable content and at different prices.<sup>39</sup> However, customers that want to support renewables do not want to do so at any price. Typically, the higher the renewable content, the higher the price. As a consequence, based on their particular circumstances, some customers will choose a product with a lower renewable content. If the Authority limits the VROs choices that can be billed through UCB to those with either fifty percent (50%) or one hundred percent (100%) renewable energy content in addition that required to meet the RPS,<sup>40</sup> fewer customers will actually purchase VROs. For example, customers that wish to support renewables but can only purchase a product with an additional twenty-five percent (25%) of renewable content would no longer have this option available. As consequence, these customers may forgo purchasing *any* voluntary renewable energy because they cannot take advantage of the convenience of UCB to purchase the products that they actually want; thereby, contravening Connecticut’s goals of reducing greenhouse gas emissions and supporting renewable energy.

Further, forcing customers who wish to utilize UCB to choose between only two options for voluntary renewable energy would frustrate customers who want to negotiate for voluntary renewable energy products that meet their individual needs. For example, some commercial

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<sup>37</sup> See Second Notice, at 3.

<sup>38</sup> RESA Initial Comments, at 7.

<sup>39</sup> See, e.g., Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (displaying offers for products with renewable content from 50%-100% in addition to the current mandatory RPS) (last visited Feb. 11, 2020); see also Docket No. 13-07-18, *PURA Establishment of Rules for Electric Suppliers and EDCs Concerning Operations and Marketing in the Electric Retail Market*, Decision (Nov. 5, 2014) (“13-07-18 Decision”), at 11 (“[A]ll marketing materials, plan descriptions or contracts may advertise only the percentage of renewable credits beyond the mandatory requirements.”).

<sup>40</sup> See Second Notice, at 3 (“all VRO RECs would be in excess of the then-current RPS.”).

customers may have company-specific renewable energy targets that do not align with either of the two options that would be available under the Revised Proposal. In order to purchase products that meet their specific needs, such customers would be required to forgo UCB, which they may not be willing to do.

Overall, the numerous restrictions in the Revised Proposal on the RECs that can be used for VROs billed through UCB will significantly increase the cost of such products and the likelihood that fewer customers will actually purchase VROs. Because customers are not willing to buy renewables at any price, if VRO prices are too high, customers will simply decline to buy them and exit the voluntary renewable market. This will have a detrimental effect on the consumption of renewable energy by Connecticut residents; thereby, undermining Connecticut's climate change and renewable energy goals.<sup>41</sup> Thus, rather than unnecessarily restricting the VROs available to customers through UCB, RESA encourages the Authority to continue to allow the competitive market to make an array of VROs available to Connecticut customers through UCB.<sup>42</sup>

## **II. THE AUTHORITY SHOULD ENSURE THAT VROS ARE NOT SUBJECT TO UNDUE SUPPLY CONSTRAINTS**

In the Second Notice, Authority requested comment on whether expanding the eligible RECs to adjacent control regions adequately addresses concerns about REC availability and price distortion<sup>43</sup> and what an appropriate alternative minimum percentage requirement of

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<sup>41</sup> See First Notice, at 1.

<sup>42</sup> Docket 10-05-07RE01, *PURA Review of the Connecticut Clean Energy Option Program – Program Review*, Decision (Dec. 21, 2016), at 13 (“the current renewable market reveals an abundance of green options available to Connecticut ratepayers through various alternative programs and numerous green offerings by competitive suppliers.”); see also Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (last visited Feb. 11, 2020).

<sup>43</sup> See Second Notice, at 3 (Item 1).

NEPOOL GIS Class I RECs might be.<sup>44</sup> As discussed above,<sup>45</sup> expanding the RECs eligible for VROs billed through UCB to adjacent control areas will not eliminate concerns about the availability and pricing of RECs for VROs. The remaining geographic restrictions on the eligibility of RECs that can be used for VROs billed through UCB in the Revised Proposal will continue to constrain the supply of available RECs and, consequently, will drive up prices of VROs over what they would be without these constraints. Moreover, by further increasing the number of states from which RECs may be sourced, the Authority could mitigate the risk of price increases that could result from increasing RPS requirements in any of the states from which the Revised Proposal would permit RECs to be sourced.<sup>46</sup> Ultimately, as long as a regional REC tracking system is in place to track the creation and retirement of RECs, with safeguards to prevent double-counting, those RECs should be allowed to be included in VROs billed through UCB - no matter their location. Customers should be permitted to make their own choices about the location of the renewable energy that they consume without being limited to renewable energy generated in particular states or regions.

Also, requiring a minimum percentage of the RECs used in VROs billed through UCB to be NEPOOL GIS Connecticut Class I RECs may make it impossible for suppliers to offer these types of VROs. If there are insufficient Class I RECs for suppliers to meet their mandatory RPS obligations (which may be the case for 2019),<sup>47</sup> there will not be any Connecticut Class I RECs left to supply VROs. Because of such supply constraints, imposing a requirement that VROs billed through UCB must contain some percentage of NEPOOL GIS Connecticut Class I RECs

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<sup>44</sup> See Second Notice, at 3 (Item 1c).

<sup>45</sup> See *supra* Section I.

<sup>46</sup> Cf. New England Class I REC Market Update, Power Advisory LLC, <https://poweradvisoryllc.com/new-england-class-i-rec-market-update/> (Nov. 12, 2019) (noting that one of the significant events that have driven prices higher by increasing REC demand or reducing supply was Maine increasing its RPS in June 2019) (last visited Feb. 11, 2020).

<sup>47</sup> *Id.*

will mean that suppliers *cannot offer any* VROs billed through UCB. In such an event, customers that want to purchase VROs that are billed through UCB will not be able to do so. This will frustrate Connecticut customers' efforts to consume more renewable energy and undermine Connecticut's goals of reducing greenhouse gas emissions and supporting renewable energy.<sup>48</sup>

### III. THE AUTHORITY SHOULD INCREASE TRANSPARENCY

In the Second Notice, the Authority requested comments on ways in which suppliers could continue to offer VROs billed through UCB and meet the Authority's goals of increased transparency.<sup>49</sup> Providing customers with additional information about VROs on the Rate Board and through modifications to the disclosure label (both of which RESA support) will enhance transparency without unnecessarily restricting customer choice. Thus, RESA encourages the Authority to adopt those measures, rather than restricting customer choice in the voluntary renewables market.

First, the Revised Proposal would require *all* Bundled VROs to be posted to the Rate Board.<sup>50</sup> While RESA supports the posting of Bundled VROs on the Rate Board, consistent with current requirements, suppliers should only be required to post "generally available" offers to the Rate Board.<sup>51</sup> Moreover, enhancing the information that the Rate Board provides about VROs would further the Authority's goal of increased transparency. In particular, the Rate Board could be updated to provide information about the resource type and general location of the facilities producing the RECs included in VROs billed through UCB. Currently, the Rate Board does not provide this information. In fact, it identifies only the percentage of renewable energy in an

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<sup>48</sup> See First Notice, at 1.

<sup>49</sup> See Second Notice, at 3 (Item 2).

<sup>50</sup> See *id.*

<sup>51</sup> See 13-07-18 Decision, at 4 n.2.

offer.<sup>52</sup> Thus, customers cannot easily distinguish between or compare VROs. By contrast, the Massachusetts retail electricity shopping website displays resource type-details about the RECs used in VROs.<sup>53</sup> It also specifically indicates whether all of a VRO's RECs are sourced from Massachusetts Class I RECs.<sup>54</sup> By taking a comparable approach, the Rate Board would enable customers to make decisions about VROs based on readily available and comparable information about the RECs used to supply VROs.

In addition, developing a modified disclosure label with further information about VROs would enhance transparency. In fact, in its initial comments, RESA supported the revised disclosure label that the Authority proposed in the First Notice.<sup>55</sup> That said, as RESA noted in its initial comments, the Authority should not adopt content requirements for this new label that require more specificity than suppliers can reasonably provide, such as more specific generator locations or energy sources.<sup>56</sup> Instead, as the Authority proposed,<sup>57</sup> indicating the general location (e.g., areas within or that import into ISO New England) and potential energy sources (e.g., any source that qualifies as a Connecticut Class I renewable source) of the RECs that a particular VRO will use is a practicable and reasonable approach. Information about the states or facilities from which RECs are sourced could only be provided after the fact in a disclosure label

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<sup>52</sup> See Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (last visited Feb. 11, 2020). The "Other Information" section for some offers may advise potential customers to contact the supplier regarding the renewable energy content of the offer. See *id.* However, that requires customers to visit one or more additional websites or call one or more suppliers.

<sup>53</sup> See Energy Switch Massachusetts, <http://www.energyswitchma.gov/#/> (last visited Feb. 11, 2020).

<sup>54</sup> See Energy Switch Massachusetts Website Rules (Oct. 17, 2017), at § IV(B)(2) (*available at* <http://www.energyswitchma.gov/Content/documents/website-rules.pdf>) (last visited Feb. 11, 2020).

<sup>55</sup> See RESA Initial Comments, at 21.

<sup>56</sup> See *id.* at 21-22

<sup>57</sup> See First Notice, at 5.

that, like the current label, presents historical information<sup>58</sup> about the RECs used for particular VROs.

#### **IV. THE BEST STATE VRO TRACKING MECHANISMS USE EXISTING REGIONAL REC TRACKING SYSTEMS**

In the Second Notice, the Authority also requested comments on “best practice tracking mechanisms used in other jurisdictions for Bundled VROs and REC Only VROs.”<sup>59</sup>

Fundamentally, the best approaches to ensuring that suppliers accurately represent the renewable energy content of VROs use existing tracking systems, such as those administered by NEPOOL GIS or PJM Interconnection, L.L.C. (“PJM”). These systems ensure accurate tracking of RECs and REC retirements. They even allow for the reporting of voluntarily retired RECs.<sup>60</sup> Successful state compliance mechanisms ultimately rely on these systems for tracking REC retirements associated with VROs.

Currently, Connecticut’s RPS compliance form requires electric suppliers to report whether they offer or sell any services or products containing renewable energy in percentages beyond the statutory minimums.<sup>61</sup> If an electric supplier does, it must specify the number of Class I, Class II, and Class III RECs that it assigns to its VROs.<sup>62</sup> These RECs would be identified on supporting documentation from NEPOOL GIS, which is required to be submitted

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<sup>58</sup> See Docket No. 07-05-33, *DPUC Administration of Disclosure Label Requirements and Examination of Direct Billing by Electric Suppliers*, Decision (Feb. 27, 2008), at 7 (requiring system mix information to be based on NEPOOL GIS data); see also *id.* at 5 (“All data submitted [to the supplier information database] related to power sources, i.e. resources mix percentages and air emissions must be based on actual historical information from the supplier’s annual GIS Reports from NEPOOL.”).

<sup>59</sup> Second Notice, at 4 (Item 3).

<sup>60</sup> See, e.g., New England Power Pool Generation Information System Operating Rules (“NEPOOL GIS Rules”), Rule 3.5(c); Transferring Certificates to the Reserve Sub-Account for General/Voluntary Retirement, NEPOOL GIS, <https://nepoolgis.zendesk.com/hc/en-us/articles/360009375394-Transferring-Certificates-to-the-Reserve-Sub-Account-for-General-Voluntary-Retirement> (last visited Feb. 11, 2020).

<sup>61</sup> Connecticut RPS Compliance Form, Exhibit D.

<sup>62</sup> See *id.*

with annual compliance reports.<sup>63</sup> As RESA indicated in its initial comments,<sup>64</sup> it supports requiring a separate annual reporting requirement for all VROs as is done in other states.

For instance, in Massachusetts, suppliers must annually identify the total Massachusetts Class I RECs used to fulfill a retail supply product's "Green" marketing claims (over and above the RPS obligation).<sup>65</sup> Massachusetts electric suppliers must further be prepared to demonstrate to the satisfaction of the Massachusetts Department of Energy Resources that none of the Massachusetts Class I or Class II RECs used to satisfy the marketing claims or representations of such products were also used for mandatory RPS compliance.<sup>66</sup>

Delaware requires detailed VRO reports.<sup>67</sup> In Delaware, a supplier that offers a "Green Power Option" must submit a report "detailing its compliance with its marketed or otherwise advertised generation, including, but not limited to, evidence of the specified number of VRECs [voluntary renewable energy credits] retired."<sup>68</sup> For each such product, a supplier must identify the number of VRECs used for compliance and a description of the product (e.g., 50% PJM

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<sup>63</sup> See, e.g., Docket No. 19-06-01, *Annual Review of Connecticut Electric Suppliers' and Electric Distribution Companies' Compliance with Connecticut's Renewable Energy Portfolio Standards in the Year 2018*, Notice of Proceeding (Sep. 23, 2019), at 2 (requiring RPS compliance reports to include supporting NEPOOL GIS documentation).

<sup>64</sup> RESA Initial Comments, at 16-17.

<sup>65</sup> Massachusetts RPS/APS/CES 2018 Annual Compliance Workbook, Table 12 (*available at* <https://www.mass.gov/doc/2018-rpsapsces-annual-compliance-workbook>) (last visited Feb. 11, 2020); *see also* Instructions for the RPS Class I and II, APS and CES Annual Compliance Filing for 2018 by Massachusetts Retail Electricity Suppliers (Jun. 10, 2019) ("Mass. RPS Instructions"), at 22 (*available at* <https://www.mass.gov/doc/2018-rpsapsces-annual-compliance-filing-instructions>) (last visited Feb. 11, 2020).

<sup>66</sup> Mass. RPS Instructions, at 22.

<sup>67</sup> In Delaware, electric suppliers are not required to submit mandatory RPS reports; the electric distribution utility is responsible for the RPS compliance obligation with respect to energy delivered to its End-Use Customers. *See* Del. Admin. Code 26-3001-13.1; Delaware's Renewable Portfolio Standard and Green Power Products, Delaware Public Service Commission, <https://depsec.delaware.gov/delawares-renewable-portfolio-standard-green-power-products/> (last visited Feb. 11, 2020).

<sup>68</sup> Del. Admin. Code 26-3001-13.4.

Wind).<sup>69</sup> Further, a supplier offering such a product must provide tracking system VREC certification numbers and tracking system proof of VREC retirement.<sup>70</sup> Significantly, Delaware accepts proof of VREC retirement not only from PJM-EIS GATS (or any successor thereto), but also other regional REC tracking systems and Green e-Energy.<sup>71</sup>

As noted in its initial comments,<sup>72</sup> RESA recommends that the Authority also establish an annual VRO filing requirement. As part of these annual VRO filings, suppliers should be required to provide: (i) energy sales (in kilowatt-hours) associated with each VRO product; (ii) the number of current and banked RECs used to satisfy VRO obligations; (iii) documentation showing the purchase of the necessary RECs (from an appropriate verifying entity, such as NEPOOL GIS, Green-e, etc.); and (iv) an attestation that the RECs used to satisfy VRO obligations were not used for any other purpose. This information and documentation will provide the Authority with a mechanism to both track and verify that suppliers are satisfying their VRO obligations.

## **V. THERE IS NO NEED TO ARTIFICIALLY LIMIT THE RECS THAT CAN BE USED FOR NON-CEOP VROS**

In the Second Notice, the Authority noted that one reason it was restricting the RECs that could be used for the CEOP was to address concerns raised by the EDCs that the process for verifying and calculating the RECs necessary for complying with each VRO under the Initial

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<sup>69</sup> Delaware Public Service Commission Retail Electricity Supplier's GREEN POWER PRODUCT Compliance Report, Product A (available at <https://depsec.delaware.gov/wp-content/uploads/sites/54/2019/05/Green-Power-Products-Compliance-Report-2018-1.xlsx>) (last visited Feb. 11, 2020).

<sup>70</sup> Delaware Public Service Commission Retail Electricity Supplier's GREEN POWER PRODUCT Compliance Report, Detail VREC, REC Report (available at <https://depsec.delaware.gov/wp-content/uploads/sites/54/2019/05/Green-Power-Products-Compliance-Report-2018-1.xlsx>) (last visited Feb. 11, 2020).

<sup>71</sup> Delaware Public Service Commission Retail Electricity Supplier's GREEN POWER PRODUCT Compliance Report, Product A (available at <https://depsec.delaware.gov/wp-content/uploads/sites/54/2019/05/Green-Power-Products-Compliance-Report-2018-1.xlsx>) (last visited Feb. 11, 2020).

<sup>72</sup> RESA Initial Comments, at 17.



Proposal was complex.<sup>73</sup> However, because the EDCs would not be responsible for verifying and calculating the RECs used to satisfy supplier obligations for non-CEOP VROs under the Revised Proposal,<sup>74</sup> there is no operational reason for restricting the RECs that could be used in non-CEOP VROs billed through UCB.

## **VI. THE AUTHORITY SHOULD PROTECT EXISTING STAKEHOLDER EXPECTATIONS**

The Authority should ensure that the Revised Proposal does not frustrate the expectations of customers, suppliers and renewable generators and undermine Connecticut’s goals of reducing greenhouse gas emissions and supporting renewable energy.<sup>75</sup> The Revised Proposal may thwart customer and supplier expectations because it could affect existing competitive supply contracts that may have terms of service that extend over multiple years.<sup>76</sup> For instance, if the Revised Proposal is adopted and existing customer agreements do not satisfy the program’s requirements, those customers would no longer be able to be billed for those products through UCB. As a consequence, those customers would be forced to move to dual billing – which is an unattractive option for many smaller customers, especially residential customers. Alternatively, these customers could terminate their existing agreements – which could subject the customer to an early termination fee (“ETF”).<sup>77</sup> While ETFs are capped at fifty dollars for residential customers,<sup>78</sup> no such cap applies to commercial customers.<sup>79</sup> Moreover, if customers terminate their existing agreements, there is no guarantee that they will then purchase a VRO that can be

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<sup>73</sup> Second Notice, at 4 (Item 4).

<sup>74</sup> Compare Second Notice, at 2 (describing requirements for successor CEOP) and Second Notice, at 3 (describing requirements for non-CEOP VROs billed through UCB).

<sup>75</sup> See First Notice, at 1.

<sup>76</sup> See, e.g., Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (displaying Bundled VROs with terms up to 36 months) (last visited Feb. 11, 2020).

<sup>77</sup> See, e.g., *id.* (displaying Bundled VROs with ETFs) (last visited Feb. 11, 2020).

<sup>78</sup> See Conn. Gen. Stat. § 16-245o(h)(7) (prohibiting suppliers from assessing an ETF to residential customers that exceeds \$50).

<sup>79</sup> *Cf. id.* (only applying the ETF cap to residential customers).

billed through UCB. Instead, the customers could choose to purchase a product that simply satisfies the minimum RPS; thereby, contravening the intended goals of the Revised Proposal.<sup>80</sup>

Additionally, suppliers could incur substantial losses. For instance, although suppliers can charge residential ETFs up to fifty dollars,<sup>81</sup> suppliers frequently incur higher costs to acquire these customers and for the hedges to serve those customers.<sup>82</sup> If customers complete their contractual terms, suppliers are generally able to fully recoup these costs. However, if residential customers terminate their agreements early, the ETFs may not be sufficient to cover all of those costs. As a consequence, suppliers could suffer a significant financial loss. Moreover, some suppliers have made the business decision not to charge certain customers ETFs.<sup>83</sup> Thus, if the contracts of these suppliers are terminated prematurely, those suppliers could incur considerable losses that are not even partially reimbursed; thereby, creating a more significant financial loss for these suppliers.

Furthermore, suppliers may have entered into contractual arrangements with renewable energy generators or REC suppliers to purchase the energy and/or RECs necessary to satisfy their VRO obligations. If customers terminate their VRO agreements as a result of the Revised Proposal, these suppliers will be forced to either continue to take the energy and/or RECs for which they have contracted even though they cannot use those RECs or to terminate those contracts and pay damages. If those damages are not sufficient to make the renewable generators or REC suppliers whole, they too will have suffered losses.

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<sup>80</sup> See First Notice, at 1.

<sup>81</sup> Conn. Gen. Stat. § 16-245o(h)(7) (prohibiting suppliers from assessing an ETF to residential customers that exceeds \$50).

<sup>82</sup> Cf. Docket No. 18-06-02, *Review of Feasibility, Costs, and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245o(m)*, Testimony of Richard J. Hudson, Jr., on Behalf of Retail Energy Supply Association (May 21, 2019), at 75 (“Suppliers must procure energy and related services in the wholesale energy markets to hedge their retail load positions. These procurement activities carry a significant cost.”).

<sup>83</sup> See, e.g., Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (displaying Bundled VROs that do not have any enrollment, monthly or cancellation fees) (last visited Feb. 11, 2020).

In order to avoid these issues, if the Authority proceeds to implement a program that would limit the types of VROs that can be billed through UCB, in order to protect customer expectations, it should permit any existing energy supply contracts with VROs to continue to be billed through UCB (even those that do not meet the requirements adopted by the Authority) until the end of the terms of those agreements. Doing so will allow customers who have chosen to purchase renewable energy in addition to the mandatory RPS to continue to receive that renewable content. Indeed, if the Authority does not do so, its actions would not only frustrate the contractual expectations of customers and suppliers, but also the expectations of renewable energy generators providing the RECs for these products. Alternatively, if the Authority does not exempt existing contracts from the Revised Proposal, because most retail energy supply contracts have terms of no more than three years,<sup>84</sup> the Authority should delay implementation of any restrictions on VROs that can be billed through UCB for three years in order to protect existing stakeholder expectations.

## CONCLUSION

For all the foregoing reasons, RESA urges the Authority to modify the Revised Proposal as discussed herein.

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<sup>84</sup> Cf. Connecticut Rate Board, <https://www.energizect.com/compare-energy-suppliers> (displaying Bundled VROs with terms up to 36 months) (last visited Feb. 11, 2020).

Respectfully submitted,  
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**CERTIFICATION**

I hereby certify that a copy of the foregoing was sent to all participants of record on this  
12th day of February 2020.

  
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Joey Lee Miranda