

CONNECTICUT UTILITIES FILE PROPOSED ZREC / LREC SOLICITATION PLANS

On December 9, The Connecticut Light and Power Company and The United Illuminating Company (Connecticut's two electric utilities) filed plans with the [Public Utilities Regulatory Authority](#) to acquire zero emission renewable energy credits (ZRECs) and low emission renewable energy credits (LRECs) under Public Act 11-80, Connecticut's comprehensive energy reform legislation enacted last summer. The joint filing envisions a Request For Proposals (RFP) process for 15-year utility contracts for the purchase of ZRECs from solar, wind and some hydro facilities, and LRECs from fuel cells and biomass facilities. The filings also include the proposed RFP and proposed purchase contract.

PURA will now conduct hearings and will either approve, disapprove or modify the proposals over the course of the winter.

Interested parties should register to request participant status in these hearings with PURA, carefully review all of the documents, and provide comments if there are issues of concern that might reduce the viability of the program's goal of promoting these renewable energy projects. Also, given the short time frame, interested parties should begin gathering the information necessary to bid in response to the RFP.

To summarize the utilities' proposal:

- Both utilities will independently solicit proposals for each class of renewable energy facility.
- All such facilities must meet the requirements and qualify as Connecticut Class 1 renewable energy facilities, and further meet the requirements of the ZREC or LREC programs.
- Parties responding to the RFP will submit proposals and include a required price for the utilities' purchase of the RECs produced by the facility under a 15-year contract with the facility up to a maximum price of \$350 per ZREC or \$200 per LREC. Parties must also provide financial security of 10% of the annual value of the anticipated RECs.
- Proposals must further meet certain eligibility criteria in order to be deemed "qualified", including requirements to show site control, provide financial assurance mechanisms to ensure performance, and commit to commence production within one year or risk forfeiture of the security.
- Maximum size for proposed facilities is 1 MW for ZRECs and 2 MW for LRECs.





Under the proposed plan, certain restrictions apply. For example, projects must be behind one REC meter at the host and cannot simply be a part of a larger project. Bidders will not be allowed to bid one project in both markets (since a zero emission facility would also qualify as a low emission facility) - each project may only be submitted as an LREC or a ZREC project, unless they have separate REC meters and are submitted and evaluated separately.

Projects must be in service after July 1, 2011 to be eligible; however, projects in service prior to that date can be upgraded with new production equipment after July 1, provided the new incremental equipment has its own REC meter, in which case the new incremental production can be bid into the auction.

Projects in each of the utility's service territories will be evaluated separately for qualification. Price proposals for RECs will then be rank ordered and projects selected based on price (lowest to highest) until the full allocation of funds available each year is exhausted.

Projects that have received other state renewable incentive funding are likely not eligible to receive ZREC or LREC program funding.

Under the ZREC program, there are categories for small (less than 100 kW), medium (100 – 250 kW) and large (250 – 1000 kW) projects, and the utilities will allocate a percentage of funds to each. Small projects will receive a set ZREC price based on a 10% incremental addition to the weighted average price for mid-size projects.

The utilities expect that the solicitation process will take approximately 10 weeks once PURA approval is received and the RFPs are issued.

New York
Seven Times Square
New York, NY 10036
+1.212.209.4800
+1.212.209.4801 [fax]

Boston
One Financial Center
Boston, MA 02111
+1.617.856.8200
+1.617.856.8201 [fax]

Washington, DC
601 Thirteenth Street NW
Suite 600
Washington, DC 20005
+1.202.536.1700
+1.202.536.1701 [fax]

Hartford
185 Asylum Street
Hartford, CT 06103
+1.860.509.6500
+1.860.509.6501 [fax]

Providence
10 Memorial Boulevard
Providence, RI 02903
+1.401.276.2600
+1.401.276.2601 [fax]

London
8 Clifford Street
London, W1S 2LQ
United Kingdom
+44.20.7851.6000
+44.20.7851.6100 [fax]

Dublin
Alexandra House
The Sweepstakes
Ballsbridge, Dublin 4
Ireland
+353.1.664.1738
+353.1.664.1838 [fax]

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For further information on this topic, please contact your Brown Rudnick lawyer or one of the following lawyers:

Michael E. Kozlik
+1.860.509.6570
mkozlik@brownrudnick.com

Philip M. Small
+1.860.509.6575
psmall@brownrudnick.com

Timothy Shea
+1.860.509.6578
tshea@brownrudnick.com

John W. Wadsworth
+1.617.856.8596
jwadsworth@brownrudnick.com

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