



REV Demonstration Project:
Community Power

2020 Q1 Quarterly Progress Report

Dated: April 30, 2020

Table of Contents

1.0	Executive Summary	2
1.1	Cybersecurity and Personally-Identifiable Information Protection.....	5
1.2	Accounting Procedure Established.....	6
1.3	Costs, Benefits, and Operational Savings.....	6
2.0	Community Power – Quarterly Progress	6
2.1	Demonstration Highlights	6
2.1.1	Since Previous Quarter - Major Task Completion	6
2.1.2	Activities Overview.....	8
2.1.3	Key Metrics.....	11
2.1.4	Next Quarter Forecast.....	12
2.1.5	Checkpoints/Milestone Progress	13
2.1.6	Planned Activities.....	14
2.1.6.1	Business Structure Established	14
2.1.6.2	Workforce Recruited and Trained.....	15
2.1.6.3	Subscribers Enrolled	16
2.1.6.4	Solar Installations Complete.....	16
2.1.6.5	Adequate Revenue Realization	17
2.1.6.6	Customers Receive First Solar Credits on Con Edison Bill and Sufficient Energy Savings Achieved	17
2.2	Changes to the Project Design.....	17
2.3	Work Plan & Budget Review	17
2.3.1	Phase Review.....	17
2.3.1.1	Phase Progress	17
2.3.2	Work Plan.....	18
2.3.3	Updated Budget.....	18
2.4	Conclusion.....	18
2.4.1	Lessons Learned	19
2.4.2	Recommendations	19
2.4.3	Community Power Project Summary	20

1.0 EXECUTIVE SUMMARY

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) submits this report for the first quarter of 2020 on the progress of the Community Power Demonstration Project (the “Project”). The Project is being implemented as part of the Reforming the Energy Vision (“REV”) initiative.¹ In the *Order Adopting Regulatory Policy Framework and Implementation Plan* (the “Order”), issued by the New York State Public Service Commission (“Commission”) on February 26, 2015,² the Commission directed the Company to develop and file REV demonstration projects, consistent with the guidelines adopted by the Order. The Company’s REV Demonstration Project proposal dated September 24, 2018, provided an outline and overview of the Project and was assessed by the Department of Public Service Staff (“DPS Staff”). On October 16, 2018, DPS Staff approved the Project and provided a discussion of the Project implementation plan to be filed by the Company. Con Edison filed an implementation plan for the Project with the Commission on April 23, 2019.

The Project is designed to examine a new model for increasing the access of low- and moderate-income (“LMI”) customers to distributed energy resources (“DER”), such as solar-powered generation. The Project seeks to do this by demonstrating (1) that LMI community-distributed generation (“CDG”) can yield stable and consistent financial returns and subscription revenue realization rates that are sufficient to attract third-party investors at scale, and (2) that LMI CDG can provide economic benefits for LMI customers in a self-sustaining manner.

The Project has been structured so that LMI participants receive bill credits from the solar produced by the Project’s solar arrays at a discount. Since participants pay a subscription fee at the end of the month that is less than the solar energy bill credit they receive from the Project at the beginning of the month, participants receive a net savings on their bill. Participants are not required to pay any upfront or additional fees to participate in the Project.

LMI CDG using the Project model is expected to provide:

¹ REV is a set of multi-year regulatory proceedings and policy initiatives launched in New York State in April 2014.

² Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision*, Order Adopting Regulatory Policy Framework and Implementation Plan (issued and effective February 26, 2015).

Monthly energy savings – the expected energy savings per participant may vary but could total approximately \$78 annually (or \$6.36 per month) if the Project proves successful;³

1,416,000 KWh of clean energy and a reduction of 1,727,520 lbs. of CO² equivalent in greenhouse gas emissions per year;

Access to and indirect ownership of DERs for LMI residents, which will increase participating customers’ ability to manage energy costs; and

Paid solar apprenticeships and job placement support for up to 15 to 30 low-income New Yorkers.

Con Edison is executing the Project with a team of partners. The partners and their respective roles are listed below.

Project Partners	Roles
Con Edison Investor-owned utility	<i>Project Sponsor, Oversight and Guidance, Financing (for Program Costs), Funds to De-risk the Debt Portion of the Capital Stack (for Capital Costs)</i>
Solar One Environmental nonprofit	<i>Team Lead, Solar Strategy, and Training</i>
WE ACT Environmental justice nonprofit	<i>Community Engagement and Enrollment, LMI Customer Strategy</i>
Brooklyn Movement Center (BMC) Environmental justice nonprofit	<i>Community Engagement and Enrollment, LMI Customer Strategy</i>
Green City Force Environmental training and service program	<i>Workforce Recruitment and Training</i>
Co-op Power Community energy cooperative	<i>Solar Development, Operation, and Ownership, Delivery of Tax Equity Investment</i>
Resonant Energy Solar financing organization	<i>Pre-Construction Finance, Support for Solar Development</i>
Impact Investor (Lender) Social and environmental benefit seeking debt provider	<i>Project Finance (for Capital Costs)</i>
NYCHA Public housing provider	<i>LMI Housing Resident Engagement and Enrollment Partner</i>

The Project’s geographic focus and the NYCHA housing developments that will be hosting solar panels are set forth below.

³ Throughout the 25-year life of the solar assets the estimated savings is \$667,352 for participating LMI customers, depending on individual participant monthly energy usage. Key assumptions underlying this figure when the Project was initially filed are: A 25-year asset life, system size (kW-DC) 1,180, production factor (kWh/KW-DC) 1,180, Annual PV Degradation Rate .50 percent, Con Edison VDER annual rate escalation 1.5 percent, Year One SC1 VDER (\$/kWh) \$0.2022, and a solar subscription rate of \$0.172.

HOUSING DEVELOPMENTS	CAMPUS LOCATION AND ZIP	RECRUITMENT NEIGHBORHOODS
KINGSBOROUGH	Bed-Stuy, Brooklyn (11233)	Bed-Stuy, Canarsie, Crown Heights, Brownsville
GLENWOOD	Canarsie, Brooklyn (11234)	
CARVER	East Harlem, Manhattan (10029)	Harlem, Washington Heights

In Q1 2020, Solar One advanced Project start-up activities, such as updating the Work Plan with Con Edison and—after completing the subcontractor agreement with Green City Force—reached a Project milestone of fully executing all subcontract agreements. The Work Plan is a list of all deliverables, milestones, and groups (or “packages”) or work activities that should be performed by each Project partner and contributor in order to complete the Project. It also included how long each task should take when each task was started and finished, how much work effort was and is still required for each task, and timing delays that have or may occur related to all of the items above.

A significant portion of the Project activity during Q1 2020 were planning activities for customer outreach and enrollment. Key activities included WE ACT and BMC hiring organizers to oversee customer engagement and enrollment, participating in Solar One’s community solar training, and submitting outreach materials and an updated Customer Engagement Plan to Con Edison for review.

During Q1 2020, the Project team made progress on lease negotiations with NYCHA, a key component of the development of the Project. Initial timelines for lease negotiations have proven optimistic, and the Project team is now seeking to finalize the lease in Q2 2020. Following lease execution and confirmation of Con Edison’s method for de-risking Project financing, which is still pending approval, it is expected that Co-op Power will finalize financial commitments with prospective financing partners for Project capital costs. Lease execution will also enable Accord Power to file for permits with the Department of Buildings.

The Coordinated Electric System Interconnection Review (CESIR) for the Project’s Kingsborough housing development solar panels was completed during Q1 2020. The Kingsborough CESIR is the last review required before Con Edison can provide interconnection costs and approvals for the installation of the Project arrays. The review indicated that no grid upgrades are required for the Kingsborough and Carver housing development solar installation. The Glenwood housing development, however, does require grid upgrades prior to installation. Receiving the final cost of interconnection has allowed the Project team to finalize the construction budget. The Project team also worked with Con Edison to further improve the Work Plan, adding additional detail about the baseline work effort and the actual work hours completed for each activity. The Project team anticipates

additional changes to the work packages, schedule, and work hours outlined in the Work Plan as the Project scope continues to be updated.

The Project has been impacted during Q1 of 2020 by social distancing guidelines and executive orders issued by the federal government and the State of New York in response to the COVID-19 pandemic.⁴

Con Edison has issued the following guidance to the Project team:

“To exercise an abundance of caution and to do our part in social distancing, the Project team of contractors and subcontractors should not pursue any activity that involves going into customer locations in person (or convening groups of customers) until the Company has more information on the COVID-19 pandemic. We also strongly encourage refraining from other activities that are occurring on our behalf that perpetuate person-to-person physical interactions. This decision will be in effect until further notice.”

The Company and the Project partners continue to monitor and adhere to evolving federal and state guidelines and executive orders related to the COVID-19 pandemic.

1.1 CYBERSECURITY AND PERSONALLY-IDENTIFIABLE INFORMATION PROTECTION

Consistent with Commission policy related to cybersecurity and the protection of personally-identifiable information (“PII”), each partner agreement executed for the implementation of the Project includes an amendment detailing specific protections related to cybersecurity and PII required of the Project partners and their information technology systems. This protection is critical in encouraging customers to sign up with new and innovative services offered by the Company.

1.2 ACCOUNTING PROCEDURE ESTABLISHED

On February 16, 2016, in Case 15-E-0229, Con Edison filed an accounting procedure for the accounting and recovery of all REV demonstration project costs.⁵

⁴See “*Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak*” (www.whitehouse.gov) issued March 13, 2020; “*30 Days to Slow the Spread*” *The President’s Coronavirus Guidelines for America* (www.whitehouse.gov) (issued March 30, 2020), and “*New York State on PAUSE*” executive order issued by New York Governor Andrew Cuomo (www.coronavirus.health.ny.gov) (effective March 22, 2020).

⁵ Case 15-E-0299, *Petition of Consolidated Edison Company of New York, Inc. for Implementation of Projects and Programs that Support Reforming the Energy Vision*, General Accounting Procedure (issued February 16, 2016).

This accounting procedure establishes a standardized framework that will govern how the Company categorizes and allocates the costs of the REV demonstration projects and facilitates analyzing each project to determine the overall financial benefits of the program to customers.

1.3 COSTS, BENEFITS, AND OPERATIONAL SAVINGS

Budget information, including costs incurred and projected to be incurred, for all of the Company's REV demonstration projects is being filed confidentially with the Commission, concurrently with the filing of this document. All costs filed are incremental costs needed to implement the projects. To date, grants have been available to reduce the net costs of the Projects, but Con Edison will take advantage of such offsetting benefits when they are available. Due to the stage of implementation for the Project, there are no operational savings to report currently.

2.0 COMMUNITY POWER – QUARTERLY PROGRESS

2.1 DEMONSTRATION HIGHLIGHTS

2.1.1 Since Previous Quarter - Major Task Completion

- 5 of 5 Subcontractor Agreements Finalized
 - Solar One executed a subcontractor agreement with Green City Force, the only remaining subcontractor agreement contemplated for the Project.
 - Solar One drafted a Wage Subsidy Agreement to codify the Accord Power wage subsidy terms for hiring the Green Apprentices, as part of the Project's work force training program. This program will consist of both classroom instruction and on-the-job training, whereby job-trainees get real hands-on experience installing solar energy systems. After some initial training in basic carpentry and electrical skills, students will receive a general introduction to solar power systems (with a focus on solar PV), electrical system fundamentals, mounting systems, and the safe installation and maintenance of solar PV systems. All trainees who successfully complete the two-week training will receive a Solar One certificate of completion and 15 of these individuals will go be hired to install the solar arrays for the project as paid employees of Accord Power.
- Interconnection Applications and CESIR Completed
 - On January 21, 2020, the Project team received the CESIR results for Kingsborough, which indicated that there are no grid upgrades required for this location.
 - The grid upgrade costs for Glenwood are less than the budgeted amount, and there are no upgrade costs for Kingsborough and Carver, resulting in no adverse impact on the Project due to interconnection costs.

- Following the CESIR, Accord Power completed all outstanding tasks for the Con Edison interconnection application by submitting individual Appendix A applications to Con Edison for each of the Project's housing developments.
- Final System Design Commenced
 - Accord Power submitted solar design plan sets for each building to NYCHA for review. NYCHA has reviewed designs and will provide final approval after the lease is finalized. Following design approval, Accord Power plans to file for building and electrical permits through the Department of Buildings.
- Key Staff Members Hired
 - WE ACT and BMC hired their respective organizers for the Project. Solar One provided training for new hires on the Project history, solar energy, and community solar.
- Marketing Materials and Preliminary Customer Engagement Plan Drafted
 - Solar One, WE ACT and BMC drafted marketing materials (brochure, handout, flyer, FAQs, etc.), created a website, online intake form, and Gmail email account for the Project.
 - WE ACT and BMC updated their Customer Engagement Plan with greater detail, and Solar One submitted the updated plan and marketing materials to Con Edison for review. Following Con Edison's review and approval, the Project team is expected to commence outreach activities.
 - WE ACT and BMC held conversations with community outreach partners to start planning outreach initiatives and workshops.
 - Solar One, WE ACT, and BMC discussed options for alternative approaches to outreach due to the impacts on the Project's current customer engagement plan and timeline as a result of federal and state guidelines and executive orders relating to the COVID-19 pandemic.⁶
- Workforce Recruitment Plan Competed
 - Following execution of the GCF subcontractor agreement, GCF began planning recruitment activities scheduled to start in Q2 2020. GCF submitted outreach materials, and an updated Workforce Recruitment Plan to Con Edison for review in January. Workforce training was postponed to June 2020 to better align with the Project's anticipated construction schedule. Upon approval, GCF is prepared to begin workforce recruitment efforts.

2.1.2 Activities Overview

Phase 1, Pre-Development: started in June of 2019. This phase is 86 percent complete, with six out of seven major tasks identified as milestones and/or key Project deliverables listed below accomplished.

Milestones and/or Key Tasks Complete Since Last Quarter:

⁶ See footnote 4 above.

- Develop legal agreements
- Initiate site selections
- Release competitive request for proposals
- Deploy program costs (an impact investment)
- Selecting solar installers
- Negotiating pricing and terms for the solar installations
- Secure community outreach partnerships

The only change in Phase 1 was the execution of the Solar One/Green City Force subcontract.

The development of an agreement detailing the terms for financing the capital costs of the Project and the method use to financially de-risk the Project have been delayed to (1) give Con Edison time to evaluate the impact of the PSC's December 2019 ruling on Consolidated Billing,⁷ and (2) to allow the Company to align with state policy regarding such arrangements, in light of new DPS guidance on how to apply best practices.

Solar One has submitted the Community Power Workforce/Wage Subsidy Agreement to Accord Power for review. This agreement sets forth Accord Power's responsibilities as employer of the Project workforce. The agreement is currently under legal review and is expected to be executed in Q2 of 2020.

Phase 2, Implementation: planned to begin in Q1 2020 and continue through early 2021, this phase is 0 percent complete, with zero out of eleven major tasks identified as milestones and/or key Project deliverables listed below accomplished.

Milestones and/or Key Tasks Complete Since Last Quarter:

- Procure solar arrays
- Install solar arrays

⁷ Case 19-M-0463, In the Matter of Consolidated Billing for Distributed Energy Resources, Order Regarding Consolidated Billing for Community Distributed Generation (issued and effective December 12, 2019)

- Recruit workforce apprentices
- Train workforce apprentices
- Engage subscribers on a rolling basis
- Enroll subscribers on a rolling basis
- Launch the Project
- Job placement for workforce trainees
- Create the Project's LLC
- Raise tax equity
- Deploy Project financing for capital costs (a loan)

During Q1 2020, Accord Power took possession of a portion of solar panels equal to 5 percent of Project costs, thereby securing the 30 percent ITC through Safe Harbor.⁸ The remainder of the solar equipment is expected to be delivered prior to system construction during the summer of 2020. However, due to the COVID-19 pandemic and unresolved matters related to securing financing for Project capital costs, this start date will likely be delayed.

During Q1 2020, the Project team satisfied the required 25 percent interconnection upgrade payment for the Glenwood NYCHA campus.

Once NYCHA provides approval for the solar designs and the lease is executed, Accord Power plans to file for building permits. Accord aims to obtain all permits before the end of May 2020. From a construction standpoint, installation of the Project is expected to be ready to begin after permits are secured but may be delayed due to COVID-19 and government restrictions on engaging in non-essential construction.

The process to secure financing for the Project capital costs has been ongoing. Co-op Power has recruited interested investors and expects to secure a financing

⁸ At the end of 2019 the Project team was to obtain the 30 percent federal solar investment tax credit (ITC). To qualify for the 30 percent ITC, 5 percent of the eligible Project costs were incurred in 2019 for the direct purchase of solar equipment. Without employing this strategy (called a "Safe Harbor" strategy), the Project would have only been eligible for a 26 percent ITC as of January 1, 2020. Qualifying for the 30 percent ITC was critical for the Project, since the reduced ITC would have negatively impacted the solar project economics and the customer discount; the Project team was successful in securing the 30 percent ITC.

commitment after the lease with NYCHA is executed and Con Edison confirms support for de-risking the Project. The original Q1 2020 timeline for completing financing has been rescheduled to Q2/Q3 2020.

Progress regarding planning for customer enrollment and workforce recruitment was made during Q1 2020. The plan for both efforts is currently under review and will be updated based on best practices in light of the COVID-19 pandemic. The Project team expects to be prepared to launch outreach activities after receiving approval of the updated Engagement Plan and materials from Con Edison.

Phase 3, Evaluation: slated for 2021, this phase is 0 percent complete, with zero out of two major tasks identified as milestones and/or key Project deliverables listed below accomplished.

Milestones and/or Key Tasks Complete Since Last Quarter:

- Documentation of results (analysis of bill impacts, default rates, on-time payment, revenue realization rates, etc.)
- Job placement for workforce trainees
- Draft initial final Project report

Phase 4, Closing: slated to begin in 2022. This phase is 0 percent complete, with zero out of three major activities identified as milestones or key Project deliverables listed below accomplished.

Milestones and/or Key Tasks Complete Since Last Quarter:

- Final survey for participants
- Final survey for workforce trainees
- Finalize closing report

This phase also included several key activities that are expected to occur after the close of the Project. For example, by approximately year six after installation or “substantial completions,”⁹ the tax equity investment in the Project will be fully repaid, and ownership of the solar arrays will revert back to the community energy

⁹ “Substantial completion” means that all of the Project’s solar system components are installed and fully constructed, but the construction permits have not been closed, inspections have not been completed, and permission to operate has not been granted.

cooperative (a LLC created by Co-op Power). At approximately year 15 after substantial completion, the loan for capital costs is expected to be fully repaid and the Project is expected to have excess operating profit. Finally, by approximately year 20 after substantial completion, the Project's solar arrays are expected to reach their useful life.

2.1.3 Key Metrics

In Q1 2020, the Project team executed the last outstanding subcontractor agreement (with Project partner Green City Force), made substantial progress with lease negotiations, and took major steps to plan for customer outreach and engagement. Additionally, Accord Power submitted all designs for approval by NYCHA, and the Project team received the results from the last CESIR study, finalizing the costs of interconnection and construction and completing the interconnection application process.

The following are the Phase 1 metrics targets set by the Project team: three sites selected for solar arrays installation, three to five quality responses to the RFP, and one partnership agreement signed with Solar One, which governs the five Project partner subcontractor agreements. The Project partnership subcontractor agreements are with the Project sponsor "Co-op Power," community engagement partners WE ACT and BMC, and workforce development partner Green City Force.

Additional agreements subsequently added to these targets during Project execution as part of the subcontracting process overseen by Solar One include the Engineering, Procurement, Construction (EPC) agreement between Co-op Power and Accord Power, a wage subsidy workforce trainee agreement between Accord Power and Solar One, and the terms agreement between the financiers and Co-op Power/Co-op Power's LLC, which may include an addendum between the financier and Con Edison.

Phase 1 Key Metrics Outstanding

Original Legal Agreements Developed: 6 of 6 Targeted Now Complete

After the Green City Force agreement was signed, there were no outstanding Legal Agreements from the original Project plan and filing left to execute. The original agreements included the Project Agreement between the Company and Solar One, signed in Q3 2019; three agreements signed during Q4 2019: the Solar One subcontract agreements with WE ACT, BMC, and Co-op Power; and the Green City Force agreement signed this quarter, Q1 2020. After the Project was

deployed, the Project team determined that there was a need for three additional legal agreements.

Of the additional subcontract agreements developed, one of three agreements targeted is complete.

Additional Subcontract Agreements 1 or 3 Targeted Complete

1. The EPC agreement between Co-op Power and Accord Power was executed in Q4 of 2019.

Before the full EPC agreement, Co-op Power and Accord Power finalized an EPC term sheet to memorialize terms and allow Accord Power to start their work before a full EPC agreement was drafted.

2. The wage subsidy and workforce trainee agreement between Accord Power and Solar One is expected to be executed in Q2 of 2020.

This agreement was sent to Accord Power and is currently under legal review.

3. The terms agreement for financing the capital costs in the Project between Co-op Power and the Lender(s), expected to be executed in 2020.

This agreement is currently expected to contain an addendum detailing the method used to financially de-risk the Project and govern the relationship between funds provided by Con Edison, the lender, and the Project.

Program Metrics and Ancillary Benefits Metrics

These metrics will be tracked once the Project is launched in 2020 on a quarterly basis (for program metrics) and annually (for ancillary benefits metrics).

Finance and System Metrics

These metrics will be filed with Staff confidentially and will allow Con Edison and Staff to assess the health of the financing instruments and the solar systems.

2.1.4 Next Quarter Forecast

In Q2 2020, the Project team plans to execute the lease agreement with NYCHA, which will facilitate the finalization of financing for Project capital costs being

sought by Co-op Power and will also enable Accord Power to file for building permits with the Department of Buildings.







The Project team also plans to kick off customer outreach and workforce recruitment once Con Edison has approved the Customer and Workforce Engagement Plans and assessed appropriate next steps for the Project in light of COVID-19. In addition, Solar One intends to finalize the workforce trainee wage agreement with Accord Power and may also commence workforce trainee recruitment, pending Con Edison’s approval and favorable long-term conditions in light of COVID-19.

Assuming that the lease with NYCHA is finalized by May 1, 2020, DOB permits are received in a timely manner, and customer enrollment activities result in a sufficient number of signed contracts, Co-op Power expects to finalize financing in late Q2 2020. Accord Power will also start mobilization activities, such as delivering the remainder of solar equipment and mobilizing for construction.




The Project team has been closely monitoring the COVID-19 situation and plans to mitigate risks in accordance with federal and state guidance and orders. All in-person activities have been postponed, which significantly impacts customer outreach, workforce recruitment and training, and, to a lesser extent, administrative functions by all team members. Currently, the Project team is assessing mitigation strategies that may be employed to allow the Project to move forward with minimal delays.

2.1.5 Checkpoints/Milestone Progress

Checkpoint/Milestone	Timing*	Status
Business Structure Established and Financing Closed	Phase 2 Beginning-Midpoint	○ ● ○
Workforce Recruited and Trained	Phase 2 Beginning-Midpoint	○ ● ○
Subscribers Enrolled	Phase 2 Midpoint	○ ● ○
Solar Installation Complete	Phase 2 Midpoint	● ○ ○

Checkpoint/Milestone	Timing*	Status
Adequate Revenue Realization Achieved	Phase 3 Beginning-End	  
Customers Receive First Solar Credits on Con Edison Bill and Sufficient Energy Savings Achieved	Phase 2-3 End of Phase 2 / End of Phase 3	  

Legend

 On Schedule	 Delayed w/out Major Impact	 Delayed or Stopped – Project Goals Impacted
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2.1.6 Planned Activities

2.1.6.1 Business Structure Established

Status: **Yellow**

Expected Targets by Phase 2 Beginning-Midpoint: LLC created, tax equity raised, legal agreements negotiated and executed, and final course of Project finance deployed.

Actual by Phase 2 Beginning-Midpoint: 6 of 6 legal agreements developed and signed in Phase 1.1 of 3 additional sub agreements, add after Project deployment, to be completed. Delays in defining the mechanism for Con Edison to de-risk Project financing have prevented Co-op Power from securing financing for capital costs and establishing necessary legal agreements and business structures.

Solutions/strategies in case of results below expectations: Closing on Project financing is heavily dependent on finalizing the lease agreement with NYCHA, confirming the credit enhancement strategy used to de-risk the Project, and starting customer enrollment. While the Project team believes that all these activities can be achieved, the de-risking strategy has been delayed as Con Edison considers the impact of the COVID-19 pandemic and PSC's Consolidated Billing Order on the Project. The Project team will work closely with Con Edison to prioritize critical path activities in Q2 2020 by providing weekly updates, proactively anticipating issues of concern, and identifying mitigation strategies for any issues that arise.

2.1.6.2 Workforce Recruited and Trained

Status: Yellow

Expected Targets by Phase 2 Beginning-Midpoint: 15-30 apprentices having completed their training and matriculating to work opportunities with selected installers.

Actual by Phase 2 Beginning-Midpoint: The Project's workforce training has been delayed to late Q2 2020, to better align with the expected Q3 2020 installation window. Green City Force has developed outreach materials, updated the Workforce Recruitment plan, and submitted its plan to Con Edison for review. They are ready to commence recruitment as soon as Con Edison approves the updated plan.

Solutions/strategies in case of results below expectations: The Project team will continually evaluate progress on a bi-weekly basis, and if there are specific issues, Con Edison and Solar One will actively discuss delays with Green City Force to understand the recruitment and training bottlenecks and to develop preemptive plans and mitigation strategies that address current bottlenecks and anticipate any future bottlenecks.

2.1.6.3 Subscribers Enrolled

Status: Yellow

Expected Target by Phase 2 Midpoint: At least 350 participants signed up to receive discounted solar energy credits on their utility bill, with an additional 45-50 maintained on a waitlist.

Actual by Phase 2 Midpoint: During Q1 2020, the Project's customer engagement partners, WE ACT and BMC, hired staff to adequately carry out outreach activities. Outreach partners and Solar One created outreach material and an updated Customer Engagement Plan, which was submitted to Con Edison for review. In parallel with the updated Engagement Plan review, WE ACT and BMC have held conversations with community partners regarding outreach planning. Both WE ACT and BMC are prepared to start outreach immediately after completion of the Con Edison review and approval process. Due to conditions related to the COVID-19 pandemic, customer engagement and recruitment have been placed on hold. The Company is awaiting further guidance from the state and federal government regarding social distancing in order to make a determination about the prudence and appropriateness of moving forward with customer engagement as planned.

Solutions/strategies in case of results below expectations: Bi-weekly evaluation of enrollment and periodic evaluation of participant satisfaction will help subscription levels remain high enough to support the Project's revenue requirements.

2.1.6.4 Solar Installation Complete

Status: Green

Expected Target by Phase 2 Midpoint: Complete System Design, Installation, Inspection, and Commissioning.

Actual by Phase 2 Midpoint: System designs have been submitted to NYCHA, and final approval will be granted after the lease agreement is signed. The entire Interconnection Application process has been completed for all three campuses. Glenwood is the only campus that required grid upgrades. Critical path activities required to start solar installations are completing the lease agreement, receiving permits, starting customer enrollment, and closing on financing.

Solutions/strategies in case of results below expectations: Solar One and Con Edison will collaborate and determine ways to expedite the installation process. Solar One will provide ongoing bi-weekly reports about potential bottle necks in the construction schedule, and appropriate mitigation strategies will be clearly outlined for Con Edison by Solar One.

2.1.6.5 Adequate Revenue Realization Achieved

Status: Green

Expected Target by Phase 3 Beginning-End: A Project revenue realization rate of at least 95 percent, where revenue realization is defined as the total possible dollar amount of solar energy credits provided, divided by the actual dollar amount of subscription payments received from subscribers.

Actual by Phase 3-4 Beginning-End: N/A

Solutions/strategies in case of results below expectations: The Project team will evaluate engagement metrics bi-weekly to determine whether the Project is maintaining an adequate number of enrolled and waitlisted customers. The Project team will also actively work with the pool of subscribers (providing a monthly statement and promptly following up with and replacing non-paying participants from a waitlist) to enable a Project revenue realization rate greater than 95 percent, even with some level of participant non-payment. If a participant decides to stop participating at any time, the existing participant will be promptly replaced by a LMI customer on the Project's waitlist. The Project team will also continue to watch engagement and revenue metrics for two quarters after a given drop in revenue realization. This rate will be compared to benchmarks gleaned from pre-demo impact investor surveys used to assess investor appetite for financing future CDG Projects that use the Project model. After two quarters of evaluation, if low performance persists, Con Edison will consider closing the Project since the Project cannot be successful without a revenue realization rate that is satisfactory to investors.

2.1.6.6 Customers Receive First Solar Credits on Con Edison Bill and Sufficient Energy Savings Achieved

Status: Green

Expected Targets by Phase 2-4 End/End: An average net utility bill savings delivered to LMI participants, a percent reduction in energy costs (target 15 percent), and a relatively equal projected solar energy capacity targeted versus actual solar generated.

Actual by Phase 2-4 End/End: N/A

Solutions/strategies in case of results below expectations: The Project team will evaluate solar system performance and Project financing and solar system metrics monthly against targets. Con Edison will troubleshoot with the Project team based on the specific financing area experiencing underperformance. These metrics will be evaluated monthly and quarterly, and customer savings obtained from the Project will be analyzed and compared to saving projections. Consistent underperformance will result in the closing of the Project to minimize financial losses for the Project's partners and investors.

2.2 CHANGES TO THE PROJECT DESIGN

Solar One drafted the wage subsidy and workforce trainee sub-agreement that is under legal review by Accord Power and is expected to be executed in Q2 2020. The Wage Subsidy Agreement is one of three legal agreements between subcontractors not in the original Work Plan (see the Key Metrics section above for more details).

In addition, two sets of fairly modest unanticipated costs were incurred by the Project that would have otherwise been paid by Co-op Power and its subcontractor Accord Power. These are a 25 percent grid upgrade cost for Glenwood (a payment that was due in mid-March) and roof inspection fees at the NYCHA developments to secure roof warranty continuation following solar installation. These direct expenses were not itemized in the Project budget, but the Project has sufficient funds to cover them because it has consistently operated under budget.

2.3 WORK PLAN & BUDGET REVIEW

2.3.1 Phase Review

2.3.1.1 Phase Progress

The Project team has continued to make progress in Phase 1 (Pre-development), and plans to make further progress in Phase 2 (Implementation) in the next

quarter. Planning activities for Phase 3 (Evaluation) may begin in Q2 2020. The Project team anticipates Phase 1 will be completed in Q2 of 2020, once the credit enhancement agreement, wage subsidy reimbursement agreement, and lease agreement are executed.

2.3.2 Work Plan

The Work Plan was revised in Q1 2020 with the addition of baseline work effort and actual work hours. The Project's close is expected to occur in 2022. Once an agreement regarding support to de-risk the financing in the Project is established, the Project team expects to reset the baseline and provide a revised Project Work Plan and timeline.

2.3.3 Updated Budget

As outlined in Section 1.3, budget information is being filed confidentially with the Commission.

2.4 CONCLUSION

2.4.1 Lessons Learned

Allow additional time for legal counsel review: The Project team expected to finalize the NYCHA lease in Q1 2020, based on the limited number of outstanding items. However, since NYCHA legal counsel did not respond as quickly as estimated on the latest revision the lease, the Project team's expected timeline has been delayed.

CESIR and Interconnection costs may vary: While the below-budget grid upgrade costs were a welcomed occurrence, it was difficult to gauge the final cost of conducting the CESIR studies and interconnection upgrades due to the variability of inputs. Should the results of the CESIR have prescribed more expensive update than the project budget anticipated, the Project may have been faced with a significant, unexpected financial challenge.

Regulatory changes may play a significant role in Project timeline: The PSC December 2019 ruling on Consolidated Billing has resulted in delays while Con Edison evaluates the potential impact of Consolidated Billing on the Project's hypotheses. Furthermore, Con Edison must comply with good practice guidance provided by DPS Staff. This guidance may not directly align with the desires of Project partners or the Projects scope, as originally intended.

2.4.2 Recommendations

We recommend that the Project team revise the Project baseline, budget, and Work Plan to accommodate delays and unforeseen circumstances that have occurred in Q1 2020. The Project team will also need to prepare potential contingency plans with mitigation strategies for Con Edison to review and approve in light of the COVID-19 pandemic and provide a list of potential cost impacts that may affect the Project budget.

COMMUNITY POWER PROJECT SUMMARY

The **Community Power** project is designed to demonstrate that if securing financing is removed as a barrier, LMI customers will in aggregate make on-time CDG subscription payments and will not default at significantly higher rates than non-LMI CDG subscribers. The Community Power project business model uses third-party financing to facilitate indirect LMI customers ownership of distributed solar-powered generation, through LMI customer membership in a community energy cooperative, which entitles to LMI customer to indirect ownership rights. Con Edison is executing the Project in partnership with Solar One, WE ACT, BMC, Green City Force, Co-op Power, Resonant Energy, the New York City Housing Authority (NYCHA), and a yet to be determined third-party impact investor.

Project Start Date: June 18, 2019
 Project End Date: Q2 2022
 Budget: \$3.3M
 Q1 2020 Spend: Filed Confidentially
 Cumulative Spend: Filed Confidentially



Lessons Learned: Customers

- Not applicable at this time.

Application of Lessons Learned: *Not applicable at this time.*

Issues Identified: *Finding appropriate structures for de-risking the Project, that do not require regulatory tariff, has been challenging. To date, no viable structures have been identified.*

Solutions Identified: *Not applicable at this time.*

Recent Milestones: *Interconnection Study Completed (Q1 2020), Construction Costs Finalized (Q1 2020).*

Upcoming Milestones: *Updated Q1 2020: Notice to Proceed-All Permits Secured (Q2 2020, revised from Q1 2020); NYCHA Lease Executed (Q2 2020, revised from Q1 2020); Preparatory Engagement Activities Complete (Q2 2020); Minimum Amount of Customers needed to Close on Financing Subscribed (Q3 2020); Financing Closed (tax-equity and debt) (Q2 2020); Installation Complete (Q2 2020); Project Fully Subscribed with 350 LMI Households (Q3 2020); Customers Receive First Solar Credit on Con Edison Bill (Q4 2020); Demo Ends (Q1 2022).*