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REV Demonstration Project:  
Community Power

Q2 2020 Quarterly Progress Report

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**Dated: July 31, 2020**

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## 1.0 EXECUTIVE SUMMARY

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Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) submits this second quarterly report for 2020 on the progress of the Community Power REV Demonstration Project (the “Project”) implemented as part of the Reforming the Energy Vision (“REV”) proceeding, as required by the *Order Adopting Regulatory Policy Framework and Implementation Plan*, issued by the New York State Public Service Commission (“Commission”) on February 26, 2015.<sup>1</sup> Budget information is being filed confidentially with the Commission.

### 1.1. Project Background

The Project was proposed on September 24, 2018, assessed by the Department of Public Service Staff (“DPS Staff”), approved on October 16, 2018, and its implementation plan was filed with the Commission on April 23, 2019.

The Project is designed to examine a new self-sustainable model for increasing the access of low- and moderate-income (“LMI”) customers to distributed energy resources (“DER”), such as solar-powered generation. The Company has reevaluated the original project design in light of the Commission’s *Order Regarding Consolidated Billing for Community Distributed Generation*.<sup>2</sup> The Net Crediting mechanism<sup>3</sup> authorized within the order minimized the value of several of the original hypotheses. The Project has since been revamped to examine smart inverter performance at various settings, to test effective marketing of Community Distributed Generation (“CDG”) to LMI customers, and to model the feasibility of increasing access to DERs within the LMI customer segment. Specifically, the Project aims to increase overall usage of smart inverter functionality, which is low despite high penetration of smart inverters, while demonstrating a scalable model for LMI CDG.

The Project will continue to be 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

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<sup>1</sup> 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 February 26, 2015).

<sup>2</sup> 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).

<sup>3</sup> CECONY Net Crediting Plan, Case 19-M-0463, *In the Matter of Consolidated Billing for Distributed Energy Resources* (filed February 12, 2020).

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.

### COVID-19 Impact

All project partners and their staff worked remotely during Q2 2020. Planned in-person workforce training and outreach activities were migrated to online formats. COVID-19 is expected to impact site safety plans and procedures of the solar installation contractor if construction commences in late Q3 as expected. Con Edison and Solar One do not anticipate other scheduling delays at this time.

### Project Goals

Community Power is expected to provide:

- A process for recommending smart inverter setting to future developers of similar CDG projects;
- A power flow model baseline that includes improves assumptions;
- 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;<sup>4</sup>
- A sustained number of LMI customers subscribers – 350 and 50 waitlisted – with a 20% customer conversion rate;
- 1,416,000 kWh of clean energy and a reduction of 1,727,520 lbs. of CO<sup>2</sup> 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;
- Paid solar apprenticeships and job placement support for up to 15 to 30 low-income New Yorkers; and

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<sup>4</sup> 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.

- Improve customer energy literacy, perception of, trust in, and satisfaction with Con Edison;

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

### Roles and Responsibilities

Project Partners	Roles
<b>Con Edison</b> Investor-owned utility	Project Sponsor, Oversight and Guidance, Financing (for Program Costs) Funding, as deemed appropriate, in support of the Project's success
<b>Solar One</b> Environmental nonprofit	Team Lead, Solar Strategy, and Training
<b>WE ACT</b> Environmental justice nonprofit	Community Engagement and Enrollment, LMI Customer Strategy
<b>Brooklyn Movement Center (BMC)</b> Community advocacy nonprofit	Community Engagement and Enrollment, LMI Customer Strategy
<b>Green City Force</b> Environmental training and service program	Workforce Recruitment and Training
<b>Co-op Power/Resonant Energy</b> Community energy cooperative	Solar Development, Operation, and Ownership, Delivery of Tax Equity Investment
<b>Impact Investor (Lender)</b> Social and environmental benefit seeking debt provider	Project Finance (for Capital Costs)
<b>New York City Housing Authority (NYCHA)</b> Public housing provider	LMI Housing Resident Engagement and Enrollment Partner

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

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

## 1.2. Project Overview



### Community Power REV Demo Project

The **Community Power** project is designed to establish a process for recommending smart inverter settings to similar, future CDG projects; a benchmark for marketing strategies used to increase adoption of DERs by LMI customers; and a baseline for the Company's Power Flow model assumptions. The Project will also establish a case study illustrating that LMI customers will in aggregate not default at significantly higher rates than non-LMI CDG subscribers. The Project's business model uses third-party financing to facilitate indirect LMI customer ownership of distributed solar-powered generation, through LMI customer membership in a community energy cooperative, which provides LMI participants with indirect ownership rights.

Project Start Date: June 18, 2019  
Project End Date: Q2 2022  
Budget: \$1.9 M  
Q2 2020 Spend: *Filed Confidentially*  
Cumulative Spend: *Filed Confidentially*



#### Lessons Learned: Customers

Marketing and messaging research revealed:

- The Project's communications were **easy to understand**.
- **Customers agree it would be easy to participate**, and thus are **interested in participating**.
- The **desire to save money and energy** drive interest in participating in the program.
- However, **interest in participating drops when multi-family renters are required to enroll in auto-payment**, often due to a desire to have control over their payments.

#### Lessons Learned: Market

- Negotiating real estate leases between public entities and non-profit organizations can be a challenge due to competing priorities, limited bandwidth from each parties' counsel, and limited flexibility regarding lease terms resulted in a protracted process.
- Regulatory changes can significantly impact the timeliness and value of demonstration projects

**Application of Lessons Learned:** *Marketing material will be updated to reflect customer feedback to make it clear that this program is for renters, as requested by several respondents.*

*Additional time and process documents will be built into project operations to accommodate appropriate review and strategic alignment with project goals and amongst project partners.*

**Issues Identified:** *Not applicable at this time.*

**Solutions Identified:** *Not applicable at this time.*

**Recent Milestones:** *Workforce Recruitment and Training Complete, Customer Engagement Plan, and Materials Developed and Under Review.*

**Upcoming Milestones:** *Launch Customer Enrollment (Q3 2020); Close on Financing (Q3 2020); Installation Commencement (Q3 2020)*

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## 2.0 QUARTERLY PROGRESS

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### 2.1 Activities Overview and Updates

**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:

- 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

Solar One executed the Community Power Workforce/Wage Subsidy Agreement with Accord Power, detailing Accord Power's commitments related to hiring Green Apprentices and the reimbursement Accord Power is to receive for apprentice wages. It was identified that two amendments to existing project agreements would be needed in light to the Project's new focus on smart inverters: (1) an amendment to the universal agreement between Solar One and Con Edison for ensuring the Company can manage and use smart inverter functionality and all resulting data, and (2) an amendment between Co-op Power and Accord Power related to labor and materials requirements for the installation of additional equipment needed to test the smart inverter functionality. Once these two amendments are executed, the terms agreement between the financiers of the Project and Co-op Power/Co-op Power's LLC will be the final agreement to be secured.

**Phase 2**, Implementation: planned to begin in Q1 2020 and continue through early 2021, this phase is 9 percent complete, with one out of 11 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, communications and environmental sensor equipment
- Install solar arrays communications and environmental sensor equipment

- 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 Q2 2020, Green City Force began workforce recruitment for the workforce training class and has since recruited and confirmed 25 potential trainees from their Corps Alumni, NYCHA referrals, and WE ACT referrals. Green City Force also hosted weekly online workshops and conducted interviews to fill its training class.

Solar One reviewed the marketing materials (flyer, brochure, presentation, mailer) with Con Edison to confirm uniformity between all pieces of collateral and updated the Project's customer engagement plan to incorporate changes to the Project's outreach strategy and the needs of the random encouragement experimental design being deployed to evaluate marketing related project outcomes. Separately, WE ACT and BMC began outreach to Affordable Housing Providers to confirm their assistance with resident outreach.

Co-op Power has recruited interested investors and expects to secure a financing commitment after the lease with NYCHA is executed, permits are received, and a critical mass of customers sign participation agreements. In addition, on May 18, 2020, Accord Power submitted the NY-SUN grant to the New York State Energy Research and Development Authority (NYSERDA) for project approval and incentive allocation needed to support the Project's financial model.

**Phase 3, Evaluation:** slated for 2021, this phase is 0 percent complete, with zero out of three 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,”<sup>5</sup> the tax equity investment in the Project will be fully repaid, and ownership of the solar arrays will revert back to the community energy 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.

## 2.2 Key Metrics

Program metrics and ancillary benefits metrics will be tracked once the Project is launched in Q3 of 2020 on a quarterly basis (for program metrics) and annually (for ancillary benefits metrics). Below is an abbreviated list of metrics to be tracked.

Category of Effect	Performance Metrics	Reporting Cycle
<b>Smart Inverter Settings &amp; Power Flow Model Baseline Development</b>	<ul style="list-style-type: none"> <li>• Results from observation of seven key metrics at each of eight smart inverter settings: (1) inverter response time, (2) ramp rate, (3) voltage curves (4) active power (5) voltage, (6) reactive power, and (7) power factor</li> <li>• Initial model vs. actual system behavior comparison</li> <li>• Modifications to the model assumption inputs</li> <li>• Revised model vs. actual system behavior comparison (including percent of improvement)</li> </ul>	→ Quarterly

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<sup>5</sup> “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.

<b>Affordability</b>	<p>Participating Customer Savings:</p> <ul style="list-style-type: none"> <li>• Average net utility bill savings delivered to low-income program participants (target = \$78/household/year)</li> <li>• Average percent reduction in energy costs (target = seven to 15 percent)</li> <li>• Average reduction in late fees and penalties</li> <li>• Reduction in the number and cost of disconnections</li> </ul> <p>Project Financial Performance:</p> <ul style="list-style-type: none"> <li>• Default rate for LMI subscribers, defined as the percentage of participant payments that are more than 30 days overdue (target = &lt; 10 percent)</li> <li>• Project revenue realization rate, defined as the percentage of total kWh sold at the target subscription rate (target = &gt; 95%)</li> </ul>	→ Quarterly
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>• Total solar capacity installed (target = 1 MW-AC)</li> <li>• kWh of solar energy generated (target = 1,416,000/year)</li> <li>• Reduced greenhouse gas (GHG) emissions in (target = 1,727,520 lbs. of CO<sup>2</sup> equivalent in GHG per year)</li> </ul>	→ Quarterly
<b>Engagement</b>	<ul style="list-style-type: none"> <li>• Number of LMI customers engaged and educated regarding opportunities to participate (target = 1,170 LMI customers assuming a 30 percent conversion rate, to arrive at 350 participants)</li> <li>• Net promoter score</li> <li>• Increase in energy literacy</li> <li>• Reported perceptions of the utility and demonstration program design</li> </ul>	→ Quarterly
<b>Access</b>	<ul style="list-style-type: none"> <li>• Number of LMI households that subscribe to the CDG projects as compared to target of 350</li> <li>• Number of NYCHA residents and other LMI customers who participate in the project as job trainees (target = 30)</li> <li>• Workforce training program completion rate (target = 90 percent)</li> <li>• Percentage of green workforce trainees employed in the trades six months following installation (target = 65 percent)</li> <li>• Participant satisfaction measured six months following system commissioning via phone survey (target = highly satisfied)</li> </ul>	→ Quarterly

### Finance and System Metrics

Finance and some system 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.

## **2.3 Lessons Learned and Recommendations**

Negotiating real estate leases with public entities can be a challenge. The Project team expected to finalize the NYCHA lease in Q2 2020. At the end of Q2 2020, only a few items remained open for discussion, however, competing priorities/limited bandwidth from the parties' counsel and limited flexibility regarding lease terms resulted in a protracted process.

Regulatory changes can impact the timeliness and value of demonstration projects. New York's recent order requiring the investor-owned utilities (IOUs) to implement consolidated billing has materially changed the value of Community Power, a project that was originally conceived of 3.5 years ago. Rapid project implementation is required to ensure that REV Demonstration Projects are timely and impactful.

Co-development of customer-facing strategies and collateral can be challenging. Ensuring that customer touch points are optimized for message clarity and alignment with filed project goals and objectives as expressed in the original project filing and agreements can present some hurdles when final approval rights, best practices, and customer insights limit full autonomy to lead market execution. More detail around expectations for the Company's customer-facing touch points earlier in the project planning process could lead to better outcomes and a smoother process for future engagements.

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## 3.0 NEXT QUARTER FORECAST

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### 3.1 Planned Activities

In Q3 2020, the Project team plans to execute the lease agreement with NYCHA, which will enable Accord Power to file for building permits with the Department of Buildings (“DOB”). Permits are expected to be received in early-mid August.

The Project team also plans to begin customer outreach once Con Edison has approved the Customer Engagement Plan, materials, and supporting documents. In order to close on financing, a certain percentage of customers must be enrolled in the Project. The Project team seeks to get at least 40 contracts signed in the first month of outreach.

In Q3 Solar One’s Green Workforce Training Program will train potential workforce trainees through a two-week online green construction and solar photovoltaic (“PV”) class, followed by a one-week Occupational Safety and Health Administration (“OSHA”) 30 construction safety course. Accord Power will interview qualified trainees who complete the training.

Assuming the lease with NYCHA is finalized within the first month of Q3 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 the latter half of Q3 2020. Accord Power will also start mobilization activities, such as purchasing the remainder of solar equipment and mobilizing for construction in Q3 2020.

The Project team has been closely monitoring the COVID-19 situation and plans to continue to mitigate risks in accordance with federal and state guidance and orders. If in-person activities are still postponed, however, the Project team will still be able to move ahead in Q3 by using online workshops and trainings.

This timeline may be delayed due to COVID-19 and government restrictions on engaging in non-essential construction.

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## **4.0 APPENDICES**

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The following appendices are included at the end of this Quarterly Progress Report:

Appendix A: Community Power Description of Phases

Appendix B: Work Plan

Appendix C: Checkpoints and Milestone Progress

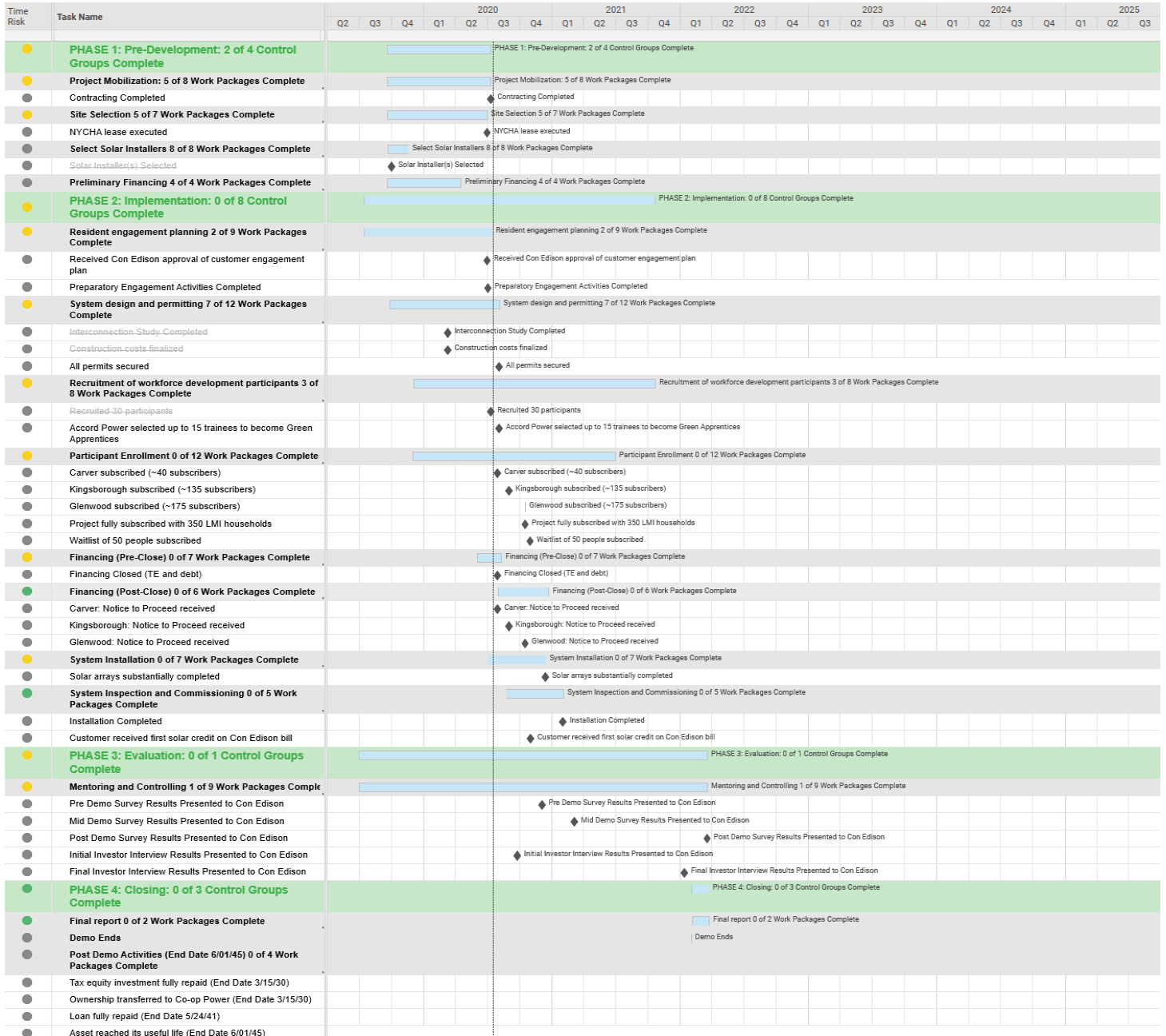
Appendix D: Procedures and Policies

## Appendix A: Community Power Description of Phases

Phase	Pre-Development	Implementation	Evaluation	Close
<b>Milestone (Stage Gate to Next Phase)</b>	<p><i>Negotiations &amp; Preliminary Financing</i></p> <ul style="list-style-type: none"> <li>• Lease signed with NYCHA</li> <li>• Critical mass of customers enrolled</li> <li>• DOB permits secured</li> </ul>	<p><i>System Design, installation &amp; Activation</i></p> <ul style="list-style-type: none"> <li>• Recruit workforces</li> <li>• Procure equipment</li> <li>• Notice to proceed at each site</li> </ul>	<p><i>Metric Tracking &amp; Analysis</i></p> <ul style="list-style-type: none"> <li>• Programmatic outcomes recorded monthly and quarterly</li> <li>• Financial outcomes recorded monthly and quarterly</li> <li>• Ancillary program benefits surveys conducted</li> </ul>	<p><i>Report &amp; Responsibility Hand Offs</i></p> <ul style="list-style-type: none"> <li>• Con Edison obligations to the Project end</li> <li>• Solar One, We Act and BMC, Green City Force, and Accord Power obligations to the Project end</li> </ul>
<b>Key Elements</b>	<ul style="list-style-type: none"> <li>• Contacting with all parties completed</li> <li>• Marketing strategy, collateral, and messaging finalized</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment installed</li> <li>• Workforce training complete</li> <li>• System inspection</li> <li>• Complete site walkthroughs</li> <li>• Customers recruited and successfully receive first bill credit from solar system</li> <li>• Smart inverter Test 1 conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Finalize metrics</li> <li>• Develop survey questions and dissemination tools</li> <li>• Finalize survey and metrics collection logistics</li> <li>• Pre and mid-point marketing surveys conducted</li> <li>• Smart inverter Test 2 conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Final surveys conducted</li> <li>• Final investor and housing provider interviews conducted</li> <li>• Final reports from all parties and partners submitted</li> <li>• Post-demo financing milestones occurred and come to a close</li> </ul>
<b>DER Categories</b>	Community Distributed Generation	Community Distributed Generation	Community Distributed Generation	Community Distributed Generation

# Appendix B: Work Plan

The Work Plan was revised in Q2 2020 with the new tasks that better represent Project activities and an updated timeline. The Project's close is expected to occur in 2022. An overview of the Project by phase and control group (major category of work packages), with millstones, is below. Completed millstones have been crossed out.



## Legend



## Appendix C: Checkpoints and 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	
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	
Adequate Revenue Realization Achieved	Phase 3 Beginning-End	

### Legend

On Schedule	Delayed without Major Impact	Delayed or Stopped – Project Goals Impacted
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### Planned Activities

#### 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:** Six of six legal agreements developed and signed in Phase 1. Three of three additional sub-agreements completed. Zero of two



agreement amendments executed. Lease signing, permitting, and signed contracts are needed before closing on financing with tax equity and debt providers. In addition, Con Edison has moved away from financially de-risking the Project in response to guidance from Staff regarding policy changes and best practice. Delays related to both lease signing and de-risking the Project have prevented Co-op Power from securing financing for capital costs and establishing necessary legal agreements and business structures. However, the new project focus on two technical smart inverters hypotheses and three marketing strategy efficacy hypotheses will allow the Project to remain viable while responding to Staff's guidance.

**Solutions/strategies in case of results below expectations:** The Project's strategy is to move forward with the newly developed hypotheses without significant changes to the Project design and proposed equipment, which have already been scoped, so that the Project timeline is not negatively impacted. Additionally, the Project team will work with NYCHA to expedite finalizing the lease agreement. A clear path to approving customer outreach plans and materials has also been set, so that a critical mass of the system is enrolled and Co-op Power can promptly secure financing.

#### Workforce Recruited and Trained

**Status:** Green

**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 moved to early Q3 2020 to better align with the expected Q3 2020 installation window. Green City Force received approval in late Q2 2020 from Con Edison to begin workforce recruitment. Since then, Green City Force has started recruitment, applications, and evaluations of potential trainees. The Community Power team expects to select NYCHA residents referred by Green City Force, NYCHA's Resident Economic Empowerment & Sustainability (REES) office, and WE ACT that are the best candidates for the training and apprenticeship, with the intention of maximizing trainees from the three developments hosting solar.

**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.

## Subscribers Enrolled

**Status:** Yellow

**Expected Target by Phase 2 Midpoint:** A sustained 350 participants signed up to receive solar energy credits on their utility bill, with an additional 50 maintained on a waitlist.

**Actual by Phase 2 Midpoint:** During Q2 2020, the Project's customer engagement partners, WE ACT and BMC, continued to prepare for customer enrollment activities. Outreach was expected to start in Q2 and will now start in early Q3.

**Solutions/strategies in case of results below expectations:** Because financing depends on having a subset of signed customer participation agreements, starting outreach soon is critical to the project timeline. The Community Power team will continue to make efforts where possible to expedite and parallel path the review of the engagement plan, outreach materials, metrics reporting, and other supporting activities.

## 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. Permits were expected to have been received by Q2, but lease negotiations continued into Q3. Solar One anticipates permits to be received in Q3.

**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.

## Customers Receive First Solar Credits on Con Edison Bill and Sufficient Energy Savings are 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:** Installation of the solar systems is not scheduled to begin until Q3 2020.

**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.

#### 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:** Subscriptions have not been issued as the project's customer engagement efforts will not be deployed until Q3 2020.

**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 of 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.

## **Appendix D: Procedures and Policies**

### **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.

### **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. 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.

### **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.