



REV Demonstration Project:
Community Power

2019 Q4 Quarterly Progress Report

Dated: January 31, 2020

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1.0 EXECUTIVE SUMMARY

- Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) submits this report for the fourth quarter of 2019 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. Thus, these participants will always receive a net savings on their bill, because participants pay a subscription fee at the end of the month that is less than the solar energy bill credit they received from the demonstration project at the

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).

beginning of the month. In addition, participants will not any pay upfront or additional fees to participate in the Project.

- LMI CDG using the Project model can provide:
 - 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 successful³;
 - 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.
- The partners collaborating on the Community Power project and their respective roles are listed below. These organization form the Community Power team.

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>

- In Q4 2019, Solar One continued project start-up activities, such as finalizing its Work Plan with Con Edison and finalizing subcontractor agreements.

³ Throughout the 25-year life of the solar assets (an estimated \$667,3526 for participating LMI customers over the lifetime of the project, depending on individual participant monthly energy usage). [this footnote is unclear]

During the quarter, Solar One executed agreements with three of the four main subcontractors, including Co-op Power, WE ACT for Environmental Justice (WE ACT), and Brooklyn Movement Center (BMC). However, the bulk of Project activity during Q4 focused on solar installations. Key activities included finalizing an EPC agreement between Co-op Power and Accord Power (the solar installer selected through competitive procurement during Q3 2019), submitting Con Edison interconnection applications, completing the Coordinated Electric System Interconnection Review (CESIR) studies, and finalizing system designs.

- During Q4 2019, the Project team also began lease negotiations with NYCHA, a key component of the development of the Project installations. Initial timelines for lease negotiations have proven optimistic, and the Project team is now seeking to finalize its roof lease with NYCHA by the end of Q1 2020.
- Along with subcontractor agreements, installer activities, and lease negotiations, a major focus for the Project team was to obtain the 30% federal solar investment tax credit (ITC) granted in 2019. To qualify for the 30% ITC, 5% of the eligible project costs were incurred in 2019 for the direct purchase of solar equipment. Without employing this strategy, the Project would have only been eligible for a 26% ITC as of January 1, 2020. Qualifying for the 30% ITC was critical for the Project, since the reduced ITC would have negatively impacted the solar project economics and the customer discount.
- Community Power’s geographic focus and NYCHA housing developments/campuses engaged that will hosting solar panels are below.

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 addition, Accord Power compiled and submitted interconnection applications for all three campuses. As of the end of Q4 2019, Con Edison has granted interconnection approval for the Carver campus installations, has completed the CESIR study for the Glenwood campus, and is actively working on the Kingsborough CESIR study. The results of the two complete interconnection studies are favorable, and the cost of required grid upgrades for the first two campuses are below the budgeted amounts.
- The Project team is continuing to make progress recruiting financing for the Project. Co-op Power is in active discussions with multiple investors. Con

Edison agreed to provide financial support to de-risk the Project so the Project partners could secure financing while exclusively serving LMI subscribers. However, financing recruitment has been delayed while Con Edison confirms an acceptable method for the Company to provide such support. Despite this delay, if Con Edison's support is clarified in early Q1 2020 and NYCHA lease negotiations progress well, the Project team expects that closing on financing by the end of Q1 2020 will be achievable.

- The Project team also worked with Con Edison to further improve the Work Plan, adding additional detail through Subtasks and clarifying existing Work Packages and Hammock activities. With the Work Plan updated, the Project team does not anticipate significant changes to the structure. However, changes to the baseline dates and work hours, as well as additional Subtasks, are expected.

During Q4 2019, interconnection and system design activities progressed at a satisfactory pace. The Project team's equipment purchasing strategy used to secure the 30% ITC mitigated the impact of delays recruiting financing which stemmed from a complex lease negotiation with NYCHA and Con Edison's pending confirmation of the permissible structure for de-risking the Project. The Project team took longer than expected to finalize subcontracts with partners, however these delays did not impact the Project's critical path.

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 partner and its 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.⁴ 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 early stage of implementation for the Project, there are no operational savings to report currently.

2.0 THE PROJECT – QUARTERLY PROGRESS

2.1 DEMONSTRATION HIGHLIGHTS

2.1.1 Since Previous Quarter - Major Task Completion

- 4 of 5 Subcontractor Agreements Finalized
 - Solar One executed agreements with Co-op Power, BMC, and WE ACT
- The Green City force (GCF) subcontractor agreement is undergoing Con Edison review, and NYCHA lease agreement negotiations commenced
 - Co-op Power's counsel reviewed the lease term sheet and provided red lined comments on November 16, 2019. NYCHA reviewed the comments, recommended to forgo a lease term sheet and is making amendments and base negotiations on the full lease document. As a result, the Project team marked the "Lease Term Sheet Negotiation" task complete on November 6, 2019 and moved forward with full lease negotiation.
 - The lease negotiation is in process, and a few meetings including counsel, have taken place. The Project team expects to complete the lease negotiation by the end of Q1 2020.
- EPC Contractor Selection
 - Co-op Power signed an EPC term sheet with Accord Power on 10/4/2019, officially enlisting them as the selected installer.

⁴ 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).

- Following the EPC term sheet, an EPC agreement was drafted and sent to Accord Power to review on November 13, 2019. The EPC agreement was fully executed on December 30, 2019.
- Program Costs Deployed
 - Con Edison began disbursing programmatic funds to Solar One, reimbursing costs incurred, and allowing them to make mobilization payments to subcontractors.
 - Program costs are at or below the budget forecast.
- Interconnection Applications Submitted
 - Interconnection applications were submitted to Con Edison on October 15, 2019.
 - On November 4, 2019, the Project team elected to proceed with the CESIR studies.
 - After payments were submitted, Con Edison informed the Project team that a full CESIR was not required for the Carver campus—the project can continue with installation without a CESIR. Con Edison’s interconnection notification for Carver was provided on 12/23/2019.
 - Both the Glenwood and Kingsborough campuses moved on to the full CESIR studies in early December 2019.
 - The CESIR study was completed for the Glenwood campus, and the Project team received the CESIR study results on 12/23/2019. The team has elected to move forward with Con Edison’s recommended upgrades and awaits a completed CESIR study for the Kingsborough campus.
 - The interconnection upgrade costs for Glenwood are less than the budgeted amount, so there is no adverse impact on the project due to interconnection upgrade costs.
- Final System Design Commenced
 - Between October and November, Accord Power revisited the NYCHA campuses to confirm details for final system designs, and to perform asbestos inspections required for building permit applications.
 - NYCHA began a preliminary review of Designs (one per campus) to inform Accord Power of any major concerns before final Designs are created for all buildings and submitted to NYCHA for official review in January.
 - NYCHA and Accord Power discussed important details, such as the location of conduit runs, disconnect switches, and clear paths for NYCHA maintenance staff to access drains.

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 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

The completed milestones in this section remain unchanged from the previous quarter, although significant progress has been made on the outstanding task: Developing the Legal Agreements. In Q4 2019, agreements between Solar One and subcontractors WE ACT, BMC, and Co-op Power were executed, authorizing the disbursement of mobilization payments to commence work. With received mobilization payments, both WE ACT and BMC have advanced their hiring process for community organizers, adding crucial capacity needed to carry out outreach tasks in 2020. The Project team expects to execute the Solar One/Green City Force subcontract agreement by the end of January and for workforce recruitment to begin immediately.

The agreement between Con Edison and Co-op Power, detailing the method that Con Edison will use to help financially de-risk the Project, is not yet complete. The Project team expects to have this agreement drafted in Q1 2020e.

Co-op Power finalized and signed a term sheet with Accord Power, solidifying the summary of the terms that will be incorporated into the full EPC agreement. Terms addressed on the term sheet include the scope of work, equipment proposed, timeline, an output guarantee, workforce development commitment, and pricing, among other details. Following term sheet execution, a full EPC agreement was drafted, negotiated, and signed by both Co-op Power and Accord Power on December 30, 2019.

Accord Power has significantly advanced project tasks related to solar energy system design and installation during Q4 2019. During the reporting period, the installer completed electrical 3-line diagrams, submitted interconnection applications to Con Edison, and ordered solar equipment as part of the Project team's Safe Harbor strategy. Accord Power has also been working closely with

NYCHA to complete follow-up site visits, confirm what is required by NYCHA's roofing manufacturers to extend their roof warranties following solar installation and to secure NYCHA's approval of final system designs. In January 2020, the Project team expects to complete the NYCHA design review process and to submit electrical and construction permit applications to the NYC Department of Buildings ("DOB").

Co-op Power continues to make progress recruiting investors, and we anticipate that they will be able to secure a financing commitment in Q1 2020, following confirmation of Con Edison's support structure for de-risking the project. Co-op Power is also finalizing a lease agreement with NYCHA. The Project team expended \$200,000 to purchase solar panels in 2019 in an effort to preserve the 30% ITC for 2020.

Phase 2, Implementation: planned to begin in Q1 2020 – early 2021 (revised from early 2020), this phase is 0 percent complete with zero out of eleven major tasks identified as milestones and/or key project deliverables accomplished.

Milestones and/or Key Tasks Complete Since Last Quarter

- Procure solar arrays
- Install solar arrays
- 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)

Preliminary financing and permitting activities were completed in Q4 2019.

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 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, updated from 2021 start date projected last quarter. This phase is 0 percent complete with zero out of three major activities identified as milestones or key project deliverables accomplished.

Milestones and/or Key Tasks Complete Since Last Quarter

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

This phase is comprised of several key activities that are expected to occur after the close of the demonstration project; in the 20 years following the close of the Project– about year six after installation or “substantial completions,” tax equity investment will be fully repaid, and ownership of the solar arrays will revert back to the community energy cooperative; about year 15 after substantial completion, the loan for capital costs is expected to be fully repaid and cooperative members are expected to manage excess operating profit; and about year 20 after substantial completion, the assets are expected to reach their useful life.

2.1.3 Key Metrics

In Q4 2019, the Project team nearly completed Mobilization activities, codified the terms with Accord Power through an EPC agreement, considerably advanced the interconnection application process, and made headway on final system designs with NYCHA input. Additionally, the Project team began lease negotiations with NYCHA and employed a Safe Harbor strategy to qualify for the 30% ITC. The

Project team and Con Edison updated the Work Plan with more granular activities for each Phase through “Work Packages” and expected duration of each task.

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 (1) the Project sponsor “Co-op Power,” (2) two are with community engagement partners “We Act” and a yet to be determined community-based organization, and (3) the fifth one is with a workforce development partner “Green City Force.”

Phase 1 Key Metrics Outstanding

Legal Agreements Developed: 5 of 6 targeted

The Company executed its agreement with Solar One in Q3 2019. Four additional agreements were executed during Q4 2019: the Solar One subcontract agreements with WE ACT, BMC, and Co-op Power and the EPC agreement between Co-op Power and Accord Power. 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.

Green City Force is planning to execute its agreement in January, pending Con Edison and project partner review. Program Metrics and Ancillary Benefits Metrics

One additional sub-agreement between Solar One and Accord Power will be drafted. This sub-agreement will govern workforce trainee related agreements and it is expected to be executed in Q1 2020.

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 Q1 2020, the Project team plans to execute the remaining legal agreements with subcontractors and decide on the appropriate structure for de-risking the

project for lenders. The Project team also plans to conclude lease agreement negotiations with NYCHA, which will allow Co-op Power to draft final terms with financiers before closing on financing. Accord Power plans to wrap up system design Plan Sets and secure DOB permits for the project. Recruitment efforts for the workforce training program and customer outreach activities will also rapidly ramp up at the beginning of next quarter. In Q1 2020, each community-based outreach partner is expected to draft a customer outreach plan and the Project team is expected to complete a kick-off meeting with Con Edison and community outreach and workforce training partners. Additionally, Solar One intends to finalize a workforce trainee wage subsidy reimbursement agreement with Accord Power in Q1 2020. The Project team also expects to finalize permitting and financing for the Project.

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	
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	

*Detailed descriptions of the Phases can be found in the Appendices.

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: 5 of 6 legal agreements developed and signed in Phase 1. Delays in determining the appropriate mechanism for de-risking the Project have caused delays in 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, confirming the credit enhancement strategy used to de-risk the project, and, to a lesser extent, securing DOB permits. While the Project team believes that all these activities will be achieved, unforeseen delays have occurred. The Project team will work closely with Con Edison to prioritize critical path activities in Q1 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: **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: N/A

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 1) address current bottlenecks and 2) anticipate any future bottlenecks that might occur.

2.1.6.3 *Subscribers Enrolled*

Status: **Green**

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: N/A

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: N/A

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 by Solar One, for Con Edison.

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, as 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 actually 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

- While Solar One initially anticipated securing a zerodollar roof lease from NYCHA, upon discussion with NYCHA staff, Solar One elected to offer a modest roof lease payment to NYCHA to ensure that ongoing Project benefits accrue to the NYCHA developments hosting solar, in addition to the participating LMI subscribers. The proposed roof lease payment is a modest expense that can serve as a buffer for unanticipated Project expenses through a rent credit structure, and the Project team does not anticipate that the proposed lease will impact its ability to provide customers with a the expected discount on credits.

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), Phase 3 (Evaluation), and Phase 4 (Closing). The Project team anticipates Phase 1 will be completed in Q1 of 2020, once the Green City Force subcontract, credit enhancement agreement, wage subsidy reimbursement agreement, and lease agreement are executed.

2.3.2 Work Plan

- The work plan was revised in Q4 of 2019 with the creation of Work Packages, activity durations, and addition of Subtasks. The Project's close is expected to occur in 2022. Once a credit enhancement agreement 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

- Changing incentives impact the financial feasibility of serving LMI customers with DERs. A major objective for the Project team in Q4 2019 was implementing a Safe Harbor strategy to qualify for the 30% ITC. While the Project team was successful, the changing incentives for solar projects at the federal level required significant additional work and planning.
- Small, community-based partners require a significant ramp-up time for new initiatives. The Project team elected to conduct outreach with trusted local community-based organizations. While these organizations are well-positioned to complete the necessary outreach, they do not necessarily have the financial resources to hire organizers for outreach before receipt of mobilization payment. The Project team anticipated starting customer outreach activities in Q4 2019. However, delays with subcontracting and invoice processing caused mobilization delays. The importance of completing mobilization activities

quickly and setting up partners for success was a clear lesson learned through this process.

- Coordination and planning can enable an expedited solar design and interconnection process. The Project team moved expeditiously through Con Edison's interconnection application activities. We suspect that close coordination with Con Edison's Distributed Generation team, Accord Power's familiarity with Con Edison's process, and their capacity to execute tasks quickly allowed us to make significant progress on these activities in a short amount of time.

2.4.2 Recommendations

- We recommend that the Project team revise the Project baseline and work plan to accommodate delays in securing financing. More information will be available in Q1 2020

COMMUNITY POWER REV DEMONSTRATION PROJECT

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 they 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 customer 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, 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
Q4 2019 Spend: Filed Confidentially
Cumulative Spend: Filed Confidentially (on budget)



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: *Not applicable at this time.*

Upcoming Milestones: *Updated Q4 2019 -- Contracting Complete (Q1 2020), Interconnection Complete (Q1 2020), Notice to Proceed-All Permits Secured (Q1 2020), NYCHA Lease Executed (Q1 2020), Preparatory Engagement Activities Complete (Q2 2020), Construction Costs Finalized (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 Full Subscribed with 350 LMI Households (Q3 2020), Customers Receive First Solar Credit on Con Edison Bill (Q4 2020), Demo Ends (Q1 2022)*