Non-Wires Solutions Program Manual

April 22, 2025

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I. NWS Program Dockets Background

As part of its Equitable Modern Grid framework, the Public Utility Regulatory Authority ("PURA" or the "Authority") initiated Docket No. 17-12-03RE07, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Non-Wires Alternatives, on June 29, 2020, to establish a transparent and competitive process for comparing potential NWS against traditional distribution system capacity upgrades and other utility expenses. Decision, Nov. 9, 2022, Docket No. 17-12-03RE07, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Non-Wires Alternatives ("RE07 Decision").

Together, the RE07 Decision and the Design Document therein served as the basis for a Process Initiation Phase ("Process Initiation Phase") for the Non-Wires Solutions ("NWS") Process, which has now taken place in Docket No. 24-08-08: NWS Process Initiation Phase. The NWS Process Initiation Phase entailed hiring an NWS Process Monitor and developing key NWS process materials through a stakeholder-driven process.[1] After a public solicitation, PURA selected a consultant to serve as the Process Monitor. PURA initiated Docket No. 24-08-08: NWS Initiation Phase on June 6, 2023, to develop the key NWS Process materials referenced in the RE07 Decision and Design Document that are necessary to commence the first NWS Process Cycle in early 2025.

Consequently, over the period of June 2023 through June 2024, the Process Monitor facilitated ten (10) stakeholder meetings and two technical sessions that, similar to a working group, and offered a chance to contribute to the NWS Process in a collaborative setting outside the more structured and formal setting of a PURA-led technical meeting. PURA staff did not attend the stakeholder meetings or technical sessions in order to encourage open and candid discussion among attendees.

On June 20, 2024, PURA conducted a technical meeting to review and discuss the Process Monitor and the initiation-phase filings of the Electric Distribution Companies ("EDCs") (The United Illuminating Company, or "UI," together with Connecticut Light and Power Company d/b/a Eversource Energy, or "Eversource"). During the technical session, the EDCs requested that PURA hold three in-person roundtable sessions to further discuss the annual data filings, the NWS competitive solicitation process, and the EDCs' developed materials, as well as the benefit cost analysis framework.[2] PURA granted the EDCs' request.

On July 2, 2024, PURA issued a Notice of Request for Written Comments seeking general input on and suggested modifications to the Process Initiation Phase filings, as well as specific questions on the NWS Process and responses to items discussed at the June 20, 2024 technical session.

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1 RE07 Decision, p. 14.

2 Tech Mt'g Tr., June 20, 2024, 79:17-80:8.

On August 29, 2024, PURA conducted the first roundtable discussion on the annual data filings and the system needs suitability criteria.

On September 19, 2024, PURA conducted the second roundtable discussion on the NWS Competitive Solicitation Process and the EDCs' developed materials.

On October 1, 2024, PURA conducted the third and final roundtable discussion on the Benefit Cost Analysis ("BCA") framework.

Afterward, PURA requested final comments to the adjudication process to be filed by October 15, 2024. The EDCs filed joint comments by the established deadline.

PURA then issued a Proposed Decision on November 22, 2024. The EDCs and other stakeholders provided written exceptions by December 2, 2024. PURA issued a Final Decision in Docket No. 24-08-08: NWS Process Initiation Phase on December 18, 2024 ("NWS Final Decision").

The development of this Program Manual ("Program Manual") meets the requirements of Order No. 3 from the NWS Final Decision.

A. NWS Program

A Non-Wires Solution ("NWS"), also referred to as a Non-Wires Alternative ("NWA") in other jurisdictions, is a project or portfolio of projects, that defers or avoids a traditional "wires" capital investment in the electric distribution system for a period of time through a non-traditional technology that is capable of equally addressing a specific, identified system need. Examples of NWS technologies include, but are not limited to, Distributed Generation ("DG"), Energy Storage ("ES"), Demand Response ("DR"), Energy Efficiency ("EE"), or any other distributed resources or innovative technologies that are proven and are commercially available.

- **DG**: Localized power generation resources, such as solar panels, wind turbines, and combined heat and power ("CHP") systems, that reduce the need for centralized generation and long-distance transmission.

- **ES:** Technologies like batteries that store energy for later use, helping to manage demand peaks and provide backup power.

- **DR:** Systems that enable customers to reduce or shift their electricity usage during peak periods in response to time-based rates or other incentives.

- **EE:** Programs designed to reduce overall energy consumption, such as upgrading lighting, Heating Ventilation and Air Conditioning ("HVAC") systems, and industrial processes.

- **Advanced Grid Technologies:** Solutions such as, microgrids, virtual power plants, and more that can improve the efficiency and reliability of the electricity delivery system.

- **Electric Vehicle ("EV") Integration:** Programs that utilize EV as a flexible resource for load balancing and energy storage.

The EDCs' strategy is to pursue NWS projects that are cost effective for customers, provide safe, reliable alternatives to traditional capital investment projects, and realize full cost-recovery opportunities, while complying with regulatory directives and environmental policies. The EDCs' top-most priority is to fulfill their obligation to provide safe and reliable service to their customers.

An NWS project, or portfolio of projects, offers a multitude of benefits that make the project or portfolio of projects a compelling choice for modernizing and enhancing the electric grid. These benefits include cost savings, environmental impact, resilience and reliability, and scalability and flexibility.

Cost Savings: NWS have the potential to reduce the cost of needed infrastructure projects, such as new power lines, transformers, or substations, for both utilities and customers, where new technologies can be leveraged to meet the identified system need. This cost-effectiveness makes it possible to address grid needs at a lower cost than traditional grid investments with commensurate reliability.

Environmental Impacts: NWS projects often involve the use of renewable energy sources and energy efficiency measures that help to reduce greenhouse gas emissions and decrease reliance on fossil fuels. Implementing technologies like solar panels, wind turbines, and energy-efficient systems contributes to a cleaner and more sustainable energy landscape.

Resilience & Reliability: Distributed resource and advanced grid technologies, configured appropriately, can enhance the resilience of the power system by preventing outages and disruptions or enabling faster restoration. By diversifying the sources of power generation and incorporating solutions like energy storage and demand response with the requisite control technologies, NWS technologies can enable a more robust and reliable grid that can better withstand and recover from adverse events.

Scalability & Flexibility: One of the key advantages of NWS is the ability to be implemented incrementally and adjusted more easily than large infrastructure projects. This scalability allows the EDCs to address specific needs as those needs arise.

II. NWS Program Roles

A. PURA's Role

PURA regulates public service companies under Title 16 of the Connecticut General Statues, including General Statutes § 16-11. Further, pursuant to General Statutes § 16-244i(a) and (b), PURA regulates in accordance with the provisions of General Statutes §§ 16-19 and 16-19e(a), and each EDC is obliged to connect all customers to the company's distribution system, subject to the rates, terms, and conditions as may be

approved by PURA in accordance with Section 16-19 and the principles delineated in General Statutes § 16-19e(a).

~~PURA asserts that it has the authority to establish the NWS Process under General Statutes §§ 16-11, 16-19e, and 16-244i. PURA's reliance upon those statutory provisions to establish the NWS process is untested from a legal perspective given that the two (2) dockets PURA has utilized to develop the NWS program (Docket Nos. 17-12-03RE07 and 24-08-08) have been uncontested, non-appealable dockets. The EDCs therefore reserve their right to have a court evaluate the NWS process in an appropriate contested docket, such as a general distribution rate proceeding, where PURA may implement and/or evaluate components of the NWS process. At this time, subject to this reservation of rights, the EDCs are proceeding to implement a transparent and competitive NWS Process in accordance with principles generally developed in Docket Nos. 17-12-03RE08 and 24-08-08.~~

B. **Process Monitor's Role**

The NWS process is overseen and facilitated by PURA's Process Monitor retained by and working as a consultant and extension of staff for PURA, independent of the EDCs and other stakeholders[3]. In addition, the PURA Process Monitor will also facilitate the development of key materials during the Process Initiation Phase.

PURA's Process Monitor serves several roles and will be required to have a range of administrative, economic, and distribution engineering expertise. The PURA Process Monitor may have expertise in distribution engineering, it may retain such expertise, or PURA may separately retain distribution engineering expertise to work with the PURA Process Monitor. The PURA Process Monitor must be fully independent of the EDCs and other stakeholders. In several elements of the NWS Process, the PURA Process Monitor interacts closely with the EDCs, in particular, and as an extension of staff, will be ultimately responsible to PURA and will be expected to maintain its independence in the pursuit of the public interest. The PURA Process Monitor requests information from the EDCs, both through formal discovery and informally through direct correspondence, and elevate any disagreements with the EDCs through the appropriate procedural mechanism with PURA for expeditious resolution.

The PURA Process Monitor will:

- Facilitate stakeholder meetings – these meetings should occur monthly for an initial period (e.g., 12 months) during the Process Initiation Phase, or as long as needed, and then meetings will take place quarterly;
- Assist in the development of the NWS Process materials listed in Section V.B: Development of NWS Process Materials below;

[3] As stated in PURA's Decision dated November 9, 2022, if PURA deems in its sole discretion that it is adequately staffed with employees with relevant expertise, PURA plans to utilize its own staff to act as PURA Process Monitor, rather than utilizing a consultant as an extension of staff.

- Review the annual EDC Data Filing and Grid Needs Filing, conduct additional discovery as needed between February 8th and May 1st,[4] and subsequently provide comments thereto by May 15th;
- Review the EDCs' respective Quarterly Filings and submit a summary document of the investments and evaluation of whether the EDC adhered to the established parameters of the NWS Process. Provide oversight, as necessary, of each EDC's NWS solicitation process;
- Submit to PURA any comments on NWS solicitations, including an assessment of the EDCs' selections; and
- Submit to PURA any comments or areas of concern regarding the annual Evaluation, Measurement, and Verification ("EM&V") filings.

C. EDC Role

Electric distribution services are defined as "the owning, leasing, maintaining, operating, managing or controlling of poles, wires, conduits or other fixtures along public highways or streets for the distribution of electricity, or electric distribution related services[.]" General Statutes § 16-1(a)(22). Thus, the provision of distribution system infrastructure, and services collateral to providing that distribution system infrastructure, is central to the EDCs' statutory function. Therefore, the EDCs continue to be responsible for the system needs evaluation, system needs solutions development, issuance of competitive solicitations including bid review, and solution execution and maintenance of the NWS just as is the case with Traditional Wires Solutions. In cases as defined by the Process Initiation Phase's Final Decision where the EDC does not end up owning the NWS asset, the EDC will facilitate such contracts that ensure safe and reliable operation of the NWS.

III. NWS Process Cycle 1 (25-08-08)

The first NWS Process Cycle will kick off with the EDCs submitting the EDC Data, Grid Needs, and Quarterly Filings on February 8, 2025. RE07 Decision, p. 15. The EDCs will be required to make two filings by February 8th each year: (1) a distribution grid data filing (EDC Data Filing); and (2) a distribution grid needs filing (Grid Needs Filing). These filings include disclosure of all planned EDC investments over $250,000, with specific disclosure and data requirements outlined below and in Exhibits A and B. The Grid Needs Filing will be designed to identify a robust list of potential competitive NWS solicitation opportunities and allow the EDCs to provide a narrative discussion, with analytical backing, regarding which distribution grid needs they believe should be considered for a competitive NWS solicitation. Subsequently, the PURA Process Monitor and stakeholders will be provided the opportunity to submit comments on the EDCs' filings. PURA will review the various filings of the EDCs', the PURA Process Monitor and other stakeholders

[4] PURA anticipates that May 1st will be the final date that any interrogatories issued by the PURA Process Monitor associated with the EDC Data Filing and Grid Needs Filing will be due.

to identify the distribution grid needs that should be subject to competitive NWS solicitations.

The Process Monitor will review the EDC filings, conduct additional discovery and stakeholder engagement, and submit comments on the filings by May 15, 2025. Design Document, Docket No. 24-08-08 Page 21 p. 8. Stakeholders will be given an opportunity to review the EDCs' filings and the Process Monitor comments and to submit reply comments thereto, which will be due on June 15, 2025. Id., p. 15. On or around mid-August 2025, PURA will issue the PURA Screening Decision identifying those Grid Needs for which a Competitive NWS Solicitation should be pursued. Id.[5]

Additionally, the PURA Process Monitor will convene quarterly stakeholder meetings to discuss key steps in the annual process. The PURA Process Monitor may organize other appropriate meetings and discussions to facilitate ongoing market engagement opportunities.

The EDCs will conduct a solicitation process for the Grid Needs identified in the screening decision. The EDCs shall conduct the Request For Proposal ("RFP") process subject to the Design Document requirements and as identified in this Program Manual. Both the EDC and the Process Monitor shall, with appropriate confidentiality protections, receive the bids from responding entities simultaneously. Design Document, p. 20. The EDCs shall promptly report the results of the Competitive NWS Solicitation to PURA along with a recommended grid needs solution in accordance with the Design Document by filing a motion for PURA review and approval in the relevant annual proceeding (i.e., Docket No. XX-08-08). Id., pp. 20-21. The Process Monitor shall comment on the EDCs' recommendation.

PURA shall then review the EDC recommendation and PURA Process Monitor comments allowing for any appropriate public processes (e.g., comments, hearings, etc.), and issue a Decision ("PURA Selection Decision"). Id., p. 21. Starting in 2025 and for each annual NWS cycle thereafter, the Process Monitor will convene quarterly stakeholder meetings to discuss the key filings and potential process improvements. The Process Monitor shall file as correspondence a notice to all stakeholders of the date of the stakeholder meetings and a meeting agenda. In parallel with each annual NWS cycle, the EDCs shall make quarterly filings consistent with the direction in *Section VI.C.2: Quarterly Filings*.

The Table 1 timeline includes the EDC filings, comment opportunities, and stakeholder meetings, but does not depict all relevant procedural steps, such as the opportunity for the PURA Process Monitor and stakeholders to conduct discovery between February and May, or other appropriate meetings and market engagement activities that may be initiated by the PURA Process Monitor. Similarly, other key elements of the overall NWS

[5] For avoidance of doubt, PURA will apply the well-established and longstanding prudence standard under Section 16-19e(a)(4) and (5), when determining whether certain EDC investments were prudent.

Process, notably timelines for Request For Information ("RFI"), RFP, contracting, and EM&V plans, are not depicted here.

Table 1: Timeline of NWS Annual and Quarterly Review Process

Date	Process Milestone	Process
February 8	EDC Data and Grid Needs Filing	Annual
First Friday in February	First Quarter Filing for Investments between $250,000 to $500,000	Quarterly
Late February	Q1 Stakeholder Meeting: Discuss EDC Data and Grid Needs Filing	Annual
March 22	EDC Annual Reliability Report Data Filing (includes SAIDI, SAIFI, CEMI, CELID, CEMSMI)	Annual
May 1	Discovery for data filing officially closed	Annual
First Friday in May	Second Quarter Filing for Investments between $250,000 and $500,000	Quarterly
May 15	NWA Process Monitor Comments	Annual
Late May	Q2 Stakeholder Meeting: Discuss Process Monitor Comments	Annual
June 15	Stakeholder Comments	Annual
First Friday in August	Third Quarter Filing for Investments between $250,000 and $500,000	Quarterly
August 15	PURA Screening Decision and Competitive solicitation process begins	Annual
September	Q3 Stakeholder Meeting: Discuss PURA August Decision	Annual
First Friday in November	Fourth Quarter Filing for Investments between $250,000 and $500,000	Quarterly
November	Q4 Stakeholder Meeting: Discuss Potential NWA Process Improvements	Annual

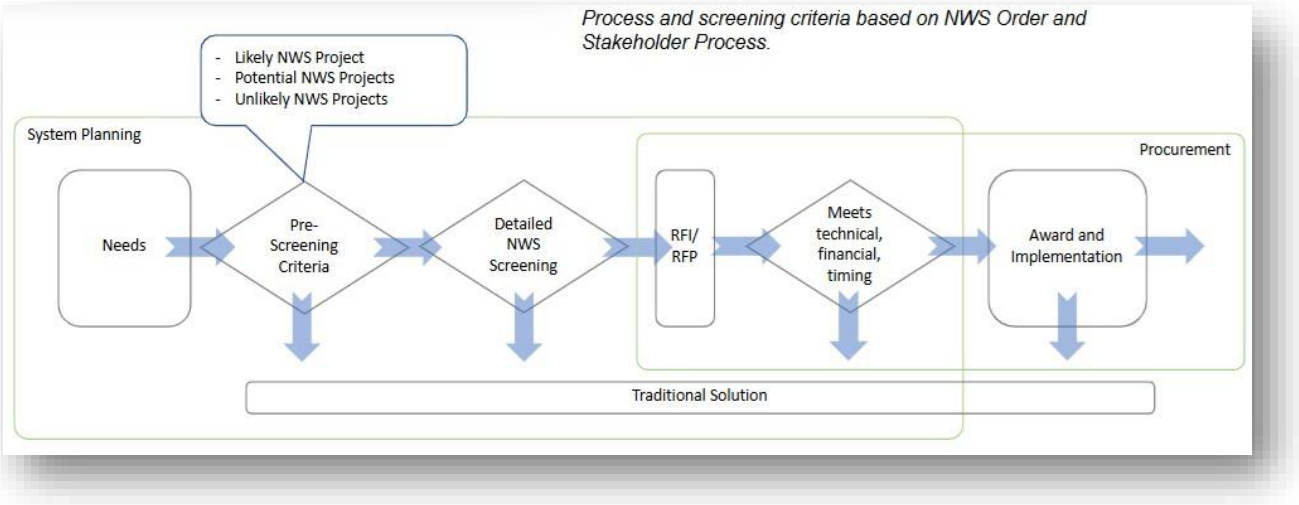
IV. EDC Planning Process

The EDCs conduct system-planning studies and evaluations frequently to ensure the reliability and resiliency of their respective systems to ensure the continuity of service for customers. As a result of the EDCs' diligence to maintain their respective systems and their sustained activities to maintain and improve reliability, UI and Eversource are both top quartile EDCs in the country, signifying that the frequency and duration of customer

interruptions on their systems are less in Connecticut than on other utility systems throughout the country.[6]

The EDCs' planning process also includes the evaluation and development of NWS projects, as demonstrated in Figure 1 below. In short, once a system need is identified via the respective EDC's system planning process, the need will then go through several rounds of scrutiny in the course of evaluating both traditional solutions and NWS. During these evaluation phases, solutions including NWS are developed and evaluated to identify the most cost-effective solution to resolve the identified system need.

Figure 1: High-level EDC Planning Process



A. Suitability Criteria

Suitability criteria are substantive criteria that can be used in NWS program as an initial and high-level screen to categorize whether potential solutions should be considered as such. The RE07 Decision outlined a flexible approach towards establishing suitability criteria for the NWS process, which consists of a screening process wherein Grid Needs submitted in the annual filings are categorized into (3) three tiers:

- Likely NWS Solicitation Opportunities;
- Potential NWS Solicitation Opportunities; and
- Unlikely NWS Solicitation Opportunities.[7,8]

The NWS Suitability Criteria as established through the NWS Final Decision are considered to help determine whether a given project is a suitable NWS candidate. Table 2, below, summarizes the NWS Suitability Criteria.

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6 IEEE Benchmarking Survey.

7 Other jurisdictions have set strict suitability criteria for NWS, such as minimum cost thresholds for potential solutions. RE07 Decision, p. 30

8 RE07 Decision, p. 28.

Table 2: Final NWS Suitability Criteria

Criteria	Potential Element Addressed
Project Type Suitability	Distribution projects[9]
Timeline Suitability	12 months[10]
Cost Suitability	$250,000+ [11]

Upon the completion of the screening process, the EDCs will determine if the optimal solution is an NWS or a traditional wires solution. At this time, the EDCs will file the project with the appropriate filing components, as outlined in *Section VI.C: NWS Filings* of this document. In the case of the Annual Filing that shall be filed every February 8th, the Process Monitor and stakeholders shall review the projects and determine if the EDCs categorization of projects is agreeable. The EDCs can expect a decision on the Annual Filing by mid-August of every year.

If the results indicate that the NWS is the best solution, the competitive solicitation process will commence, as further explained in *Section VII: NWS Competitive Solicitation Process* of this document.

V. NWS Process Design

A. Process Initiation Phase

The Process Initiation Phase encompassed the completion of key tasks to fully set up the NWS Process based on this Design Document which took place in Docket 24-08-08 and spanned from July 2023 to June 2024. The adjudication phase took place from June 2024 through October 2024. This Process Initiation Phase addresses the role of the PURA Process Monitor, the solicitation to retain the PURA Process Monitor, as well as the development and approval of final materials for the NWS Process. The Process Initiation Phase will commence upon the issuance of a decision approving this NWS

[9] The NWS Project Suitability pertains to all distribution projects except for the following project types, which are excluded from NWS consideration: customer or generator funded interconnection related projects, projects required within a year, and projects required for maintenance, asset condition, or safety reasons.

[10] Timeline suitability is a time cut off that deems a project to be a good NWS candidate or not. For example, in Connecticut a good NWS candidate is deemed as any project with an in-service date beyond a year from the date the NWS team reviews the project.

[11] Although the NWS Final Decision requires the EDCs to file projects starting at $250,000 and above, the NWS Final Decision is clear that Likely NWS Solicitation Opportunities are projects over $1 million and Potential NWS Solicitation Opportunities are projects between $500,000 to $1,000,000.

Process Design Document and will be completed prior to the first NWS Process year, anticipated to be 2025.

B. Development of NWS Process Materials

PURA's Process Monitor, who was selected via an RFP, developed a workplan and coordinated (10) ten technical meetings in an effort to help establish the NWS process materials in a collaborative forum among stakeholders publicly. The NWS process materials are defined further below in *Section VII. E. Developed NWS Process Materials*.

VI. Annual NWS Process Structure

After the Process Initiation Phase has been completed, certain core aspects of the NWS process will take place consistent with a recurring annual structure. The key product of this annual structure will be the screening of the Grid Needs Filing, items of which may be subject to a competitive NWS solicitation. The Grid Needs screening process will be supplemented by a structured stakeholder process and market engagement activities. Ultimately, both the Grid Needs screening and stakeholder engagement processes are intentionally constructed to ensure that the NWS solicitation screening process is transparent, fair, and efficient.

A. Annual Proceeding

PURA will initiate a proceeding each year to serve as the administrative record for the annual NWS Process, with each set of EDC filings, discussed in Section VI.C.1 Annual EDC Filings and Grid Needs Screening below, filed in a separate and distinct NWS Process docket. PURA anticipates numbering and naming the annual docket as follows: "XX-08-08 – Non-Wires Solutions Process Cycle Z", where "XX" serves as the calendar year of the proceeding and "Z" serves as the cycle number (i.e., program year).

B. Stakeholder Meetings, Process Improvements, and Ongoing Market Engagement Activities

After an initial period of monthly stakeholder meetings, the NWS process will have quarterly stakeholder meetings scheduled by PURA's Process Monitor in consultation with PURA. In addition to any regular business, quarterly meetings shall discuss the key topic identified in the table below unless otherwise modified by PURA:

Table 3: Quarterly Meeting Timing and Topics

Meeting Timing	Key Discussion Topic
Late February	EDC Data Filing and Grid Needs Filing
Late May	PURA Process Monitor comments
September	PURA August Decision
November	Potential NWS Process Improvements

Agendas shall be shared by PURA's Process Monitor with the relevant agencies, EDCs, and other stakeholders at least one week in advance of the meetings. Potential improvements to the NWS Process may be discussed as appropriate throughout the year.

Following the November stakeholder meeting, PURA's Process Monitor may submit proposed NWS Process improvements for Authority review and approval, subject to stakeholder comment in the appropriate annual proceeding.[12]

To the extent that ongoing market engagement opportunities have been identified, in addition to activities related to specific NWS opportunities, PURA's Process Monitor may organize and coordinate appropriate discussions with or between the relevant agencies and stakeholders. Ongoing market engagement opportunities may include, but are not limited to, promotion of the NWS process and associated RFPs and generic Request For Information ("RFI") that are not related to a specific NWS opportunity.

C. NWS Filings

The NWS program is made up of four major filings: (1) Quarterly Filing, (2) EDC Data Filing, (3) Grid Needs Filing, and (4) EDC Annual Reliability Report Data Filing.

The quarterly filing is forward-looking and shall encompass projects between $250,000 and $500,000, including projects that are necessary to be in-service within 12 months. This filing shall take place on the first Friday of every February, May, August, and November. The Process Monitor will provide its decision on the EDCs' quarterly filings by March 31st of each year.

The EDC data filing encompasses 47 data requests related to System Data, Financials, and DER Deployment. These data requests can be found in Appendix 1.

The Grid Needs Filing is a forward-looking project list for projects above $500,000, including projects that would be excluded based on the Suitability Criteria identified in Table 2. Projects between $500,000 and $1,000,000 shall be categorized as "Potential NWS Solicitation Opportunities," whereas projects over $1,000,000 should be categorized as "Likely NWS Solicitation Opportunities." These projects are subject to a stakeholder review process and question and answer period. The approval for these projects is expected by mid-August of each year.

Lastly, the EDC Annual Reliability Report Data Filing is also known as the Transmission and Distribution Reliability Performance ("TDRP") report, which is filed with the Connecticut Siting Council annually at the end of March. The purpose of the TDRP is to report the EDC's system reliability performance for a period of time. Beginning in March 2025, the TDRP report will be filed with the Connecticut Siting Council and will be submitted into the respective NWS Docket.

Table 1: Timeline of NWS Annual and Quarterly Review Process provides a comprehensive timeline reference for yearly activity in the NWS program.

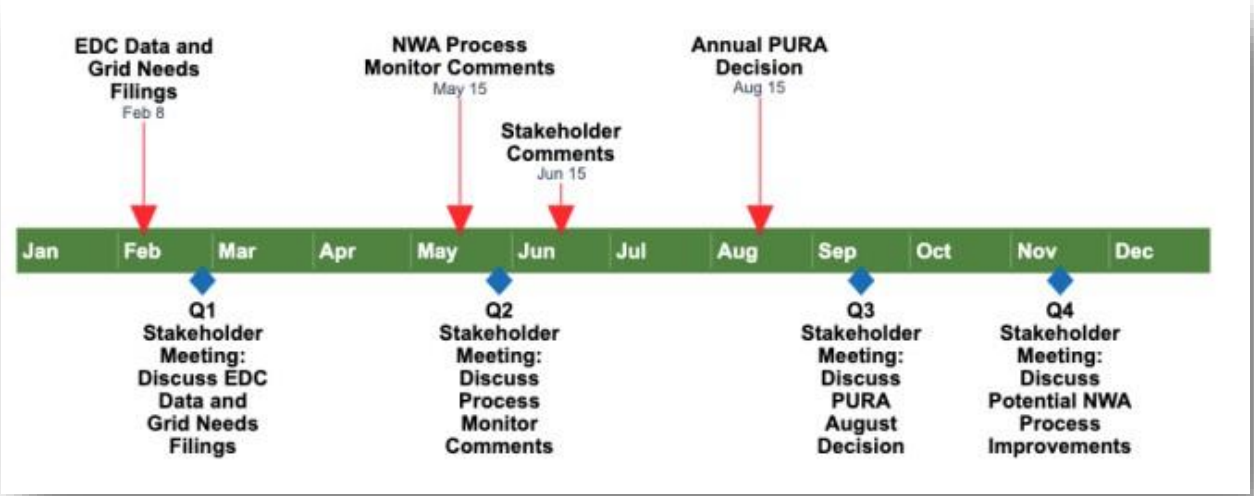
[12] Depending on the nature of the proposed improvements, significant recommendations may not be implemented until subsequent years of the NWS Process to allow for sufficient implementation time. For example, certain improvements proposed in late 2025 may not be implemented until early 2027. However, if possible, some improvements may be implemented more quickly.

1. Annual EDC Filings

The Process Monitor was tasked with working with stakeholders to identify and recommend any additional data filing requirements as well as a format that should be used for the EDCs' respective annual Grid Needs Filing. Design Document, p. 8. The Process Monitor reviewed data filings in other jurisdictions such as California, New York, and Maine and compared the requirements with Exhibits A and B of the NWS Design Document. PM Report, p. 7. The Process Monitor concluded that the requisite filings in the Design Document are reasonable compared to other jurisdictions and contain enough information to enable third parties to evaluate potential NWS opportunities and decisions. Id., p. 8. The Process Monitor also held various stakeholder meetings where the Process Monitor, EDCs, and stakeholders reviewed the documents developed and revised them. The documents referenced herein are the final documents approved by PURA containing all feedback received during the Process Initiation Phase and NWS Final Decision.

The process for screening which Grid Needs should be subject to a competitive NWS solicitation includes the following procedural steps, in order: annual EDC filings; review of the EDC filings by the PURA Process Monitor and stakeholders; and an annual PURA decision identifying which Grid Needs represent a reasonable opportunity for a competitive NWS solicitation. Timing and details of these steps are discussed below in Figure 2.

Figure 2: Approximate Timeline for Annual NWS Process Structure



i. EDC Data Filing

First, each EDC will make an annual data filing every February 8th, referred to above and throughout as the EDC Data Filing. The information that shall be submitted as part of the EDC Data Filing is provided in Exhibit A to this document. PURA notes that most, if not all, of the information required in Exhibit A will generally not be subject to confidential treatment pursuant to Connecticut Freedom of Information Act ("FOIA"), § 1-200 et seq

of the General Statutes of Connecticut (Conn. Gen. Stat.). [13] There may be discrete instances, such as customer specific information, where certain information receives protection, but this information should be disclosed to PURA and the PURA Process Monitor under Conn. Gen. Stat. § 1-200 et seq. Customer-specific information should be anonymized or aggregated when possible to avoid the need for protection from public disclosure.

If the EDC identifies information that it believes should be protected from disclosure, it must demonstrate how Conn. Gen. Stat. § 1-200 et seq applies in the specific case via a motion for protective order. In such instances, a separate confidential version of this filing or any other report (e.g., developer proposals, etc.) that must be filed shall be made available to PURA, the Process Monitor, Office of Consumer Counsel ("OCC"), Department of Environmental and Energy Protection ("DEEP"), and any other stakeholders who have signed appropriate data security agreements and followed the appropriate cybersecurity processes.

The EDCs should timely screen any third parties requesting access to confidential information through the approved security agreements as discussed in NWS Final Decision Section III.B.1.e Standard Cybersecurity Policy and Materials and throughout this document. PURA does not view that blanket protection is appropriate for basic system data such as substation/circuit capacity, reliability performance, or modeled/forecast load profiles.

As a result of the NWS Final Decision, PURA now permits the EDCs to file certain distribution system datapoints confidentially. In the NWS Final Decision, PURA agreed with the EDCs that five (5) System Data Requirements within Exhibit A: EDC Data Filing are confidential. Those System Data Requirements numbers are 1, 2, 6, 9, and 10.

Table 4 : Exhibit A's Confidential System Data Requirements

Number (as listed in the EDC's Data Filings)	System Data Requirements
1	Annual peak load growth at the most granular level available, i.e., the circuit, substation, town, operating area, or system level for each of the past five years and forecasted load growth for each of the next ten years.
2	Distribution system circuit capacity, customer count, historic loading for maximum peak day and minimum day for each circuit. Load forecast for circuits if available or used by the EDCs. Justification for exclusion of any omitted circuit load forecasts.
6	The maximum hourly coincident monthly load, in kilo-volt-ampere (kVA), for the distribution system, in the past

[13] PURA identifies in Exhibit A the limited filings for which some portion of the EDCs' submission may require redaction.

	12 months, as measured at the interface between the transmission and distribution system. Indicate if calculated using SCADA data or interval metered data or other non-billing metering / monitoring systems.
9	List and map of distribution substation transformers (which feed only distribution level customers) that are: a. 90-100% within their normal rating; b. 80-90% within their normal rating; and c. Less than 80% of their normal rating.
10	A list of all distribution feeders broken down by distribution feeders that are: a. 90-100% within their normal rating; b. 80-90% within their normal rating; and c. Less than 80% of their normal rating.

Additional provisions for some of the EDC Data Filing Requirements were established by PURA. Those items include:

The EDCs may omit the distribution system load forecast for some circuits in their EDC Data Filing but should briefly articulate why the forecast is omitted. All circuits should be accounted for in the annual filing. Any individual circuit forecasts conducted by the EDC for its own system planning purposes should be provided. While small customer counts (e.g., circuits with only tens of customers) may result in a circuit level forecast that yields little insight, some circuits host thousands of customers and, therefore, circuit level forecasts will aid in identifying NWS opportunities. Tech Mt'g Tr., Aug. 29, 2024, 32:1-33:7; See, e.g., Docket No. 22-06-05, PURA Implementation of Public Act 22-55, Motion No. 12, Att. 1, (Frybrook Proposal), p. 17. Further, Eversource conducts operational load forecasting for circuits, which ranges from day-ahead forecasts to year-ahead forecasts. Id., pp. 21-23. If circuit-level, year-ahead or longer forecasts are already being used by the Company for operations and system planning, such forecasts are required to be disclosed in the annual filing.

The EDCs should also disclose the customer count at the time of the filing for each circuit. Regarding power quality data filing requirements, the EDCs need not file the projected voltage and power quality impacts for forecasted Distributed Energy Resources ("DER") at the substation level because these impacts are highly locational and, without specific DER information, no usable data could be provided. Tech Mt'g Tr., Aug. 29, 2024, 100:1-101:1.

Regarding data on the maximum hourly coincident monthly load for the distribution system at bulk substations, the EDCs are required to keep an account of the extra cost to provide this data to facilitate a future review of the benefits and costs of collecting this data point. In the interim, the EDCs should collect and file this data point. Tech Mt'g Tr., June 20, 2024, 101:17-103:13.

Regarding electric vehicle loading data, the EDCs are directed to file the forecasted EV load (MW) at the substation level for the next three to five years rather than the forecasted number of level 2 and level 3 chargers that will be added to the system. April Memo, p. 2. Regarding reporting of DER deployment data, the EDCs proposed to attempt to provide data based on DER size consistent with the RE07 Decision, but where there are a "non-substantial" number of DERs in each size category, the EDCs would merge data across DER size categories. April Memo, p. 4. The EDCs did not define "substantial amount" and merging buckets only obscures more granular information. PURA apparently rejects this approach and clarifies that the EDC should not merge buckets but must report DER deployment data by project size consistent with the RE07 Decision.

The information listed in Exhibit A is necessary for PURA's Process Monitor and stakeholders to understand and critically evaluate the potential distribution system needs and NWS solicitation opportunities[14]. PURA's Process Monitor may conduct additional discovery (i.e., issue follow-up interrogatories through the annual docket) based on the EDC Data Filing as needed between February 8th and May 1st[15]. The PURA Process Monitor will ensure information is shared appropriately with the relevant agencies and stakeholders through the stakeholder meeting process. PURA expects the EDCs to maintain system information such as feeder and substation hourly and sub-hourly loading and circuit voltage measures in formats (at different points on the circuit as available)[16] that can be readily shared with PURA's Process Monitor and provided through the EDC Data Filing and in response to any interrogatories.

If an annual EDC Data Filing does not meet the requirements outlined herein, the PURA Process Monitor shall, at the earliest possible date, file a motion for PURA to issue a docket correspondence directing the EDC(s) to rectify the specific deficiencies identified in their filing. To the extent that there is any other unresolved disagreement between PURA's Process Monitor and the EDCs, PURA's Process Monitor shall promptly elevate the issues through the appropriate procedural mechanism to PURA for resolution in the associated annual proceeding.

ii. Grid Needs Filing

Second, each EDC will also make an annual filing on distribution system needs every February 8th referred to above and throughout as the Grid Needs Filing. The Grid Needs Filing will have two components:

1. A summary document sorting the included Grid Needs into three tiers: (1) likely NWS solicitation opportunities; (2) potential NWS solicitation opportunities; and (3) unlikely NWS solicitation opportunities, according to the

[14] PURA reserves the right to expand or narrow the information requirements outlined in Exhibit A for future NWS Process cycles.

[15] PURA anticipates that May 1st will be the final date that any interrogatories issued by the PURA Process Monitor associated with the EDC Data Filing and Grid Needs Filing will be due.

[16] If voltage measures are not available for specific circuits, the EDCs will report what information they have on circuit voltage including any violations over the last three years.

criteria discussed below. The summary document shall provide, at a minimum, the information included in Exhibit B; and

2. A narrative document, in a form approved by PURA, providing (1) information and relevant documents substantiating the summary document and associated data and (2) more detailed arguments as to why the EDC does or does not believe each Grid Need included in the filing presents a reasonable opportunity for a competitive NWS solicitation with appropriate analytical backing.

Both parts of this filing shall be public; although, portions of all three may be redacted for the publicly disclosed version. If the EDC identifies information that it believes should be protected from disclosure, it must follow the processes outlined in Section VI.C.1.i EDC Data Filing. PURA does not view that blanket protection is appropriate for the Grid Needs summary information.

Each Grid Need that requires a planned EDC traditional investment over $250,000 shall be disclosed as a part of this annual filing[17]. The summary document will be sorted into three (3) tiers according to high-level suitability criteria and the EDC will make a preliminary recommendation whether each Grid Need on the list should be included in an NWS solicitation process, including an option for identifying whether such a solicitation could substitute only partially for the relevant distribution investment and whether a project-specific RFI is necessary and if there is sufficient time for such preliminary RFI.

The "likely NWS solicitation opportunities" are those Grid Needs that meet the following high-level suitability criteria:

- Their planned and budgeted EDC traditional investment cost is over $1.0 million; and
- The identified project justifications include distribution system capacity, power quality, reliability, renewable or distributed resources integration, or resilience.

The second category is "potential NWS solicitation opportunities" that meet the following high-level suitability criteria:

- Grid needs whose estimated planned and budgeted traditional investment costs are over $500,000 but less than $1.0 million.

The third category is "unlikely NWS solicitation opportunities," that meet the following high-level suitability criteria:

[17] Any investments that arise on an emergency basis within the calendar year and must be addressed within the same calendar year to ensure continuous service or reliability to customers (Unknown Priority Investments) shall be tracked separately and disclosed as a part of each EDC's subsequent Grid Needs Filing. However, any investments known to be needed within the calendar year to ensure continuous service or reliability to customers shall be included as part of the third category of "unlikely NWS opportunities". Whether either category of emergent priority investments properly constitute a sufficient emergency to bypass the NWS Process may be reviewed by PURA in a separate proceeding or rate case as a matter of prudence, as discussed below. This will be judged under the totality of the circumstances and the timelines here are guidelines for those purposes to ensure the appropriate reporting of all investments over $250,000. Reasonable delays (e.g., supply chain issues outside of EDC control) will not be held against the EDCs.

- Includes any other planned traditional investments with budgets over $250,000 and under $500,000, or
- All Projects regardless of amount that are needed within the calendar year to ensure continuous service or reliability (Known Priority Investments), or
- Projects considered excluded which are made up of projects required due to maintenance, asset condition, or safety needs[18].

PURA expects that projects that are related, having a similar purpose or related set of purposes on the same substation or circuit, and proximate in time (e.g., within two to four years of each other) will be considered together — that is, with a total budget for all related distribution system investments — for purposes of these review thresholds. For example, a series of planned upgrades to the same substation to meet system capacity and reliability needs spread over three years with budgets of $90,000 in year one, $150,000 in year two, and $270,000 in year three should be presented as a single grid need that would be categorized as a "potential NWS opportunity" with a planned budget over three years of $510,000.

The PURA Process Monitor worked with the EDCs, relevant agencies, and stakeholders in the Process Initiation Phase to further *add* elements to and clarification around this filing, including proposed revisions to the summary document format included as Exhibit B of the NWS Final Decision, requirements regarding appropriate documentation of the summary data, and detailed requirements for the supportive analysis and assertions made in the narrative document.

The final Grid Needs filing format (Appendix 2), requirements, and guidance submitted for Authority review at the end of the Process Initiation Phase may not include fewer requirements or require less information than is already required by this section and Exhibit B. However, any proposed additional requirements may vary based on the tier for each investment (e.g., the most rigorous documentation for likely NWS solicitation opportunities and lesser requirements for lower tiers).

2. **Quarterly Filings**

Based on the EDCs' concerns regarding timing and their ability to effectively implement some of the proposed suitability criteria, PURA will permit the EDCs to screen all investments between $250,000 and $500,000 through their existing internal NWS Screening Process and to file a summary document of these investments and the screening results each quarter in the annual proceeding. The quarterly filings will be

[18] Consistent with the EDCs' obligations to provide safe and reliable service to ratepayers, the EDCs should proceed prudently with any necessary distribution system upgrades on an emergency basis within the calendar year. See Design Document, p. 13 (establishing an emergency priority investment exception to the NWS Process). If a distribution system asset has fully depreciated and met or exceeded its useful life, the EDC may replace the asset in order to maintain reliability of the distribution system. However, merely labeling the investment as related to maintenance or asset condition is not a compelling argument and the EDC must provide justification that the asset has met or exceeded its useful life (e.g., through dissolved gas analysis for transformers). These investments shall be included in the quarterly filings and may be screened through the EDCs' internal NWS Screening Process, but are otherwise excluded from the annual NWS cycle.

due the first Friday of February, May, August, and November of each year. This proposal was discussed at the August 29, 2024 technical meeting and supported by the EDCs in written comments. Tech Mt'g Tr., Aug. 29, 2024, 50:17-51:10; EDC, Oct. 15, 2024, Comments, p. 8. The Process Monitor shall review the quarterly filings and submit an annual report, following conclusion of the cycle year, summarizing the EDC filings and describing whether the EDCs' internal screening process substantially adhered to the spirit and intent of the NWS Process by making a good faith effort to screen for potential NWS opportunities. The quarterly screening process is distinct from the annual review process and applies only to investments between $250,000 and $500,000 and further defined in Section VI.C.2. All other investments greater than $500,000 shall be submitted in the annual Grid Needs Filing and reviewed through the annual NWS Process Structure. The quarterly screening process will not include the public processes required of the annual process.

3. Reliability Report Data Filing

In addition, PURA notes that pursuant to the Decision dated August 31, 2022 in Docket No. 17-12-03RE08, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Resilience and Reliability Standards and Programs ("RE08 Decision"), the EDCs are required to report annually every March 22, certain reliability metrics, including standard System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") data, but also more customer-centric industry metrics such as Customers Experiencing Multiple Interruptions ("CEMI"), Customers Experiencing Long Interruption Durations ("CELID"), and Customers Experiencing Multiple Sustained Interruptions and Momentary Interruptions Events ("CEMSMI"). RE08 Decision, pp. 54, 55, and 94. The EDCs shall cross-file this information to the appropriate annual NWS docket every March 22nd, so that the PURA Process Monitor, and other stakeholders may use it to inform their own and PURA's screening of Grid Needs.

D. Review of EDC Filings and PURA Screening Decision

Subsequently, the PURA Process Monitor will submit comments on the annual EDC filings by May 15th each year. These comments may include discussion on all parts of the EDCs' filings, including specific points of agreement or disagreement with the narrative documents included as part of the EDCs' Grid Needs Filing. While these comments shall be public, there may be appropriate redactions in the public version and a confidential version shall be provided to PURA and other appropriate entities.

The PURA Process Monitor's comments may provide alternative recommendations for which investments should be subject to a competitive NWS solicitation. All else being equal, the PURA Process Monitor shall err on the side of recommending Grid Needs with planned traditional investment over $1.0 million for a competitive NWS solicitation. However, the PURA Process Monitor shall not recommend any Grid Need for a competitive NWS solicitation if there is not a reasonable expectation that a viable NWS exists or that any potential NWS could provide a greater cost benefit ratio than the planned traditional investment. The lone

exception shall be in instances where the PURA Process Monitor believes a competitive solicitation would provide valuable information to PURA in conducting its future prudence review related to a particular EDC investment; similarly, the PURA Process Monitor may recommend an RFI to provide PURA with additional information in such circumstances.

Subsequently, stakeholders, including the EDCs, will be afforded the opportunity to provide comments on the EDCs' filings and the PURA Process Monitor comments by June 15th each year. On or around August 15th of each year, PURA will issue a decision identifying those Grid Needs for which a competitive NWS solicitation will be presumptively necessary for PURA to reach a future prudence determination (PURA Screening Decision). PURA may include other relevant findings and orders as it deems appropriate.

VII. NWS Competitive Solicitation Process

The competitive NWS solicitation process is designed to choose the best available solutions for an identified need or set of needs for the electric distribution grid (Grid Need).[19] The ultimate set of solutions chosen may include a combination of traditional EDC investments,[20] EDC-owned storage, contracts with third-party NWS resources, and energy efficiency and demand response, which can be incremental investments through the Conservation and Load Management ("C&LM") Plan. Responses to a request for proposals for a Grid Need shall be evaluated by the EDCs in cooperation with the PURA Process Monitor. The EDCs shall provide recommended selections to PURA for review, on which the PURA Process Monitor will submit comments.

The EDC recommendation shall be the set of options that maximize net benefits under the Modified Utility Cost Test ("MUCT"), while meeting the requirements to address the Grid Needs. The inputs for the MUCT shall be those currently used for the cost-effectiveness tests in the C&LM Plan, with generic system-wide avoided distribution cost inputs supplemented or replaced, as appropriate, by reduced or avoided EDC investment costs specific to the Grid Need covered by the solicitation.

PURA declines to place any upfront limitations on qualifying technology types to submit bids into an RFP, and participation in other markets and programs shall generally be permitted. RFP Bidder Minimum criteria as established in the Process Initiation Phase will be defined as part of each competitive solicitation for operational control of certain resources, such as EDC visibility and dispatch rules, will be included in each RFP, similar to those established for the electric storage program in Docket No. 17-12-03RE03, PURA Investigation into Distribution System Planning of the Electric Distribution Companies –

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[19] More specifically, a Grid Need is the set of conditions and issues on the distribution system that a planned EDC investment is intended to resolve.

[20] "Traditional EDC investments" are defined as any EDC capital and related expenditures exclusive of energy storage systems permitted to be owned by the EDC pursuant to §16-244e of the General Statutes of Connecticut (Conn. Gen. Stat.) and Public Act 22-55, An Act Concerning Energy Storage Systems and Electric Distribution System Reliability.

Electric Storage; this excludes in-front-of the meter reliability related projects. By law and PURA precedent, the EDCs are not permitted to own generation assets or behind-the-meter resources unless subject to a specific exception. Notably, pursuant to § 16-244e of the General Statutes of Connecticut (Conn. Gen. Stat.) and Public Act 22-55, An Act Concerning Energy Storage Systems and Electric Distribution System Reliability, the EDCs are now permitted to own energy storage systems under certain conditions. Accordingly, eligible EDC-owned storage systems may be included as an alternative EDC bid through an NWS solicitation. Moreover, the EDCs are allowed to own all NWS technologies that are reliability-driven and in front-of-the-meter.

Each competitive solicitation for a Grid Need shall include specific performance criteria, which will be developed into performance criteria metrics for selected NWS bids. In addition, after the issuance of a PURA Decision on the recommended NWS bid selections, a detailed plan for EM&V shall be developed by the EDC, in consultation with the PURA Process Monitor and submitted to PURA for review and approval as a binding addendum to the contract.

As discussed above, PURA shall review NWS opportunities to determine if a competitive solicitation is presumptively necessary through the annual NWS Process and will issue a Decision identifying such opportunities. PURA expects that the EDCs will issue a competitive solicitation for the Grid Needs identified in the PURA Screening Decision to support a future finding that the investment selected to meet the Grid Need is prudent.

This section discusses the process by which an EDC should conduct said competitive solicitation, which will result in either a selection of an EDC investment or the EDC contracting with one or more NWS providers as a full or partial alternative for a traditional EDC investment. The PURA Process Monitor shall provide oversight over the EDC solicitation process. Investments selected by the EDCs shall be submitted to PURA for review, followed by comments from the PURA Process Monitor.

A. Resource Eligibility

PURA does not place limitations on qualifying technology types for NWS projects. Premature limitations may inhibit innovation by the EDCs or competitive NWS bidders and development of new options in the marketplace. PURA observes that competition tends to reduce costs and improve service quality leading to technology, service, and business case innovation. For that reason, PURA endorses broader competition to meet ratepayer and customer needs, when feasible, to provide reliable service.

NWS technologies that can satisfy the inter-related reliability, redundancy, and reserve needs of various grid needs may be considered through the NWS solicitation process. The list of qualifying technologies categories and types for NWS projects includes, but is not limited to:

1. Passive DERs, including energy efficiency to reduce load;

2. Active DERs such as electric batteries to provide load serving, voltage regulation, frequency regulation, or other grid functions;
3. Demand response;
4. Connecticut Class I and Class III resources;[21]
5. Behind-the-Meter ("BTM") technologies, whether aggregated or not; and
6. Front-of-the-Meter ("FTM") technologies, whether aggregated or not.

The ability of NWS to participate in other markets and programs is important in realizing their value at each level of the grid. To realize the benefits from multiple value streams, designing NWS to provide distribution value for EDC functions and EDC ratepayers, while also allowing for other uses that are complementary and non-exclusive, will reduce the costs of these NWS and improve the potential customer value. Those use cases are more complementary than not and may be combined to support NWS, wholesale market functions, and customer value. As a result, resources will be eligible to participate in other markets and programs, subject to the relevant performance criteria and other contract provisions needed to ensure that the resource will properly meet the identified Grid Need.

Lastly, energy efficiency may be procured as an NWS both separately from and as a part of the C&LM Plan. Proposals that build upon an existing C&LM Plan program or offering may be considered in the NWS process,[22] particularly where the project will enable low- or moderate-income ("LMI") residential customers to benefit from DERs in areas where markets are not likely to satisfy LMI customer need based on the results of an NWS solicitation.

B. Competitive Solicitation Process

Before the issuance of an NWS solicitation, the EDC may make appropriate modifications to the Competitive Solicitation Template developed during the Process Initiation Phase, including the addition of appropriate performance criteria to reasonably ensure the competitive NWS bid will meet the requirements of a particular Grid Need. The EDC shall consult the PURA Process Monitor prior to making such modifications and shall ultimately file as compliance the final RFP in the appropriate annual review docket at least (14) fourteen days prior to issuance. Significant deviations from the standard RFP may jeopardize the effectiveness of the solicitation, which may discount the value of the solicitation in a prudence review of any selected EDC investments. The PURA Process Monitor, and stakeholders may provide comments in the docket on the modifications made to the standard RFP, at their discretion and as appropriate. The EDCs will then proceed to issue a competitive solicitation for the Grid Needs identified in the Screening Decision. Design Document, p. 16.

[21] See, Class I and Class III resource definitions available at: https://portal.ct.gov/PURA/RPS/Renewable-Portfolio-Standards-Overview.

[22] If any proposals that receive funding under a C&LM plan, the amount of funding received must be disclosed and incorporated into the bid submission.

Although not a requirement in the process, RFIs may be used to better inform any modifications or to establish whether potential solutions are available in an area before an RFP is issued. An RFI response should be a basic proposal specifying the technology type, costs, the technology's location, and timeline. The receipt of this information, including the question-and-answer portions of the RFI may help shape the RFP package and help meet the requirements of the EDCs. An RFI shall only be issued if strictly necessary. If the PURA Process Monitor does not believe an RFI is strictly necessary, they shall notify PURA as appropriate.

In mid-August of each annual NWS cycle, PURA will issue the PURA Screening Decision identifying the Grid Needs for which a competitive NWS Solicitation Process should be pursued. RE07 Decision, p. 29; Design Document, p. 16. Competitive solicitations shall be released at that time. A competitive solicitation can mean either a RFI or an RFP. The EDC shall issue the RFP for the Grid Need providing prospective NWS bidders with information sufficient to (1) provide proposals that meet the requirements of the Grid Need and (2) optimize the benefits to ratepayers of their proposed solution based on the MUCT. The information provided shall be inclusive of the standard set of data to be provided to prospective NWS solicitation bidders developed during the Process Initiation Phase, the information listed in Exhibit C, and any relevant information from the EDC Data and Grid Needs Filings, with specific additions based on the Grid Need. Providing insufficient or incomplete information will result in artificially high NWS prices. As such, the EDCs are encouraged to share the most information possible regarding the Grid Needs.

Relatedly, the RFP shall include information on the process to qualify bidders as sufficiently capable of receiving sensitive distribution grid data, in accordance with the standard cybersecurity data access policy developed as part of the Process Initiation Phase. Appropriate measures to screen the cybersecurity qualifications of bidders shall also take place as an ongoing process in addition to the inclusion of requirements specifically in the standard RFP. The EDCs may make NWS bid submission contingent on completing this qualification process.

When the competitive solicitation is released using the marketing engagement strategy outlined in Section VII.C. Market Engagement Strategy, typical procurement practices such as hosting bidders conference, question and answer sessions, receipt of letters of intent from participants and more will be held. These communication forums are held to ensure that bidders fully understand the competitive solicitation request.

Both the EDC and PURA Process Monitor shall be responsible for promoting the NWS solicitation to ensure robust proposal submissions and, thus, competition. Simply posting the RFP to an online portal will not be seen as sufficient to meet the objectives of the NWS Process and would significantly impact PURA's view of any solicitation results, ultimately affecting the presumption of prudence discussed below. The NWS Market Engagement Strategy as approved in the NWS Final Decision will be discussed further in Section VII.C. Market Engagement Strategy.

Once the winning bidder is selected, the EDCs will meet with PURA and the Process Monitor to provide a summary of the proposals, the BCA, and the winning bidder for approval. Once approval is obtained, the EDC may communicate with the winning bidder and begin the contracting phase which is followed by the construction phase.

1. Solicitation Process Timeline

PURA approves the Process Monitor's recommended RFP timeline (i.e., issuance of RFP to deadline for submissions) of approximately three months, with the exception that the EDCs may expedite or extend timelines depending on the complexity of the grid needs and proposals. PM Report, p. 12. Stakeholders agreed that the EDCs should be allowed flexibility in extending timelines to ensure that developers could provide comprehensive proposals and to support an efficient solicitation process that minimizes back and forth communication between developers and the EDCs. Tech Mt'g Tr., Sept. 19, 2024, 42:15-44:12. For the sake of transparency, the EDCs are directed Docket No. 24-08-08 Page 16 to report to bidders, the Process Monitor, and PURA on whether they extend any RFP timelines and provide an explanation for the extension. The EDCs indicated that this is a reasonable requirement, and no stakeholders objected to this reporting requirement. Tr., 45:7-46:5. Therefore, the EDCs are directed to directly notify bidders and the Process Monitor of any RFP timeline extensions, and to notify PURA within three business days of such extension through a compliance filing in the associated annual NWS proceeding.

2. Evaluation and Selection of Winning Bid(s)

Once the proposals are received, they shall be evaluated based on the Proposal Evaluation Matrix identified in Section VII.E.10. Both the EDC and the PURA Process Monitor shall, with appropriate confidentiality protections, receive the bids from responding entities simultaneously. Because the EDCs are ultimately responsible for the reliability and operation of the distribution system, the contracts for competitive NWS bids will be between the EDC and the entity submitting the competitive NWS bid. Further, each EDC will be responsible for the execution and implementation of each contract, subject to PURA's oversight.

In considering how competitive NWS bids may satisfy some or all of the relevant Grid Need, a margin for performance for particular resources may be advisable. Such performance margin should be based on a probabilistic engineering factor just as such factors are built into the current grid. In addition, competitive NWS bids may be considered as a portfolio, and a portfolio may be preferred to a single resource to satisfy a specified Grid Need or set of related grid needs. The relevant EDC shall cooperate with the PURA Process Monitor to allow for their oversight over the process; however, the solicitation process shall ultimately be run by and at the discretion of the EDC.

Once a proposal is reviewed and meets the system need identified in the competitive solicitation, it will then be reviewed for technical viability. If technically viable projects are found, those projects will then move to the next phase which is the Benefit Cost Analysis ("BCA"). The BCA is further explained in Section VIII.

3. PURA Selection Decision

The EDC shall promptly report the results of the evaluation to PURA, along with a recommendation, in the annual proceeding in which the relevant PURA Screening Decision was issued (i.e., the appropriate annual proceeding, Docket No. XX-08-08). The EDC shall recommend the option that maximizes net benefits under the MUCT, as described below, while meeting the requirements to address the Grid Need. This recommendation may be the selection of an EDC investment bid, one or more competitive NWS bids, or a combination of an EDC investment bid with one or more competitive NWS bids (hybrid recommendation).

A hybrid recommendation may include appropriate modifications to the original EDC investment bid. The PURA Process Monitor shall provide comments on the RFP process and an evaluation of the EDC's recommendation. If an EDC affiliate has submitted a competitive NWS bid or the EDC has submitted an EDC Partnership Bid ("EDC Partnership Bid"), the PURA Process Monitor shall comment on the RFP process and whether the EDC's recommendation may have been affected by any real or perceived conflict of interest. PURA shall then review the EDC recommendation and PURA Process Monitor comments allowing for any appropriate public processes (e.g., comments, hearings, etc.), and issue PURA Selection Decision.

PURA will hold at least one Technical Meeting and allow one opportunity for comment and/or Briefs before issuing the PURA Selection Decision. ~~PURA will determine if the EDC complied with the NWS Process and, in so doing, established a rebuttable presumption that any selected EDC investments and any selected competitive NWS bids are prudent. Alternatively, any deviations from the PURA-approved process, at any point, may result in the rebuttable presumption of imprudence for any selected bid. Separately, the implementation of the chosen options will not necessarily have the presumption of prudence and shall be reviewed by PURA at the appropriate time (e.g., scrutiny of cost overruns for any selected EDC investments).~~

C. Market Engagement Strategy

Robust market engagement is necessary to support competition in the solicitation process and to procure the best solutions to system needs. Both the EDCs and the Process Monitor are responsible for promoting the NWS solicitation to ensure robust proposal submissions. Design Document, p. 20. The EDCs presented their proposed approaches to NWS market engagement at the April 4, 2024 stakeholder meeting, which centered on three strategies: outreach to the EDCs' existing list of 3,000 developers; establishment of NWS-specific webpages on the EDCs' respective websites; and public notices issued in major publications in multiple languages to ensure more equitable access, but at no cost to the EDCs. PM Report, p. 14.

The Process Monitor contemporaneously conducted a cross-jurisdictional review of market engagement strategies and concluded that the proposed engagement strategy was consistent with those employed in existing EDC solicitations and other utility procurements. Id. In addition to the EDCs' proposed strategies, the Process Monitor also recommended that the EDCs continue to implement market engagement strategies

consistent with their other procurement processes, including by publicizing NWS solicitations through the SAP Ariba procurement platform and by issuing an RFI prior to issuing an RFP, in the event the EDCs require more information to assess potential NWS opportunities and to develop a corresponding RFP. Id.

The EDCs shall continue implementing market-engagement strategies that are consistent with other procurement practices, such as contacting their existing developer list and hosting pre-RFP conference calls to describe the RFP and to clarify developer questions around content, timelines, and response requirements. PM Report, p. 15.

The EDCs developed NWS-specific webpages to publicize NWS opportunities to potential bidders. Id. Where beneficial or necessary, the EDCs shall, at their discretion, issue RFIs in advance of issuing RFPs to collect more information from potential bidders and understand the market landscape. Id. Additionally, as part of the RFI, the EDCs should request that developers submit an intent to bid, which asks potential bidders to sign NDAs to ensure developers can meet security requirements in advance. Id. Finally, the EDCs shall publicize NWS solicitations through the SAP Ariba procurement platform. PM Report, p. 15.

The market engagement strategy for the NWS Program is threefold. The EDCs will leverage their 3,000 plus developer list used in other jurisdictions. The NWS competitive solicitation should also be promoted by the Process Monitor. Lastly, the EDCs will promote the competitive solicitations through their respective NWS websites, as identified below.

- UI: Non-Wires Solutions
- Eversource: Non-Wires Solutions

D. Ownership Issues and Bid Categories

Under Conn. Gen. Stat. § 16-244e, the EDCs are not permitted to own or operate generation assets unless such an asset meets a specific exception enumerated in the statute. However, pursuant to Conn. Gen. Stat. § 16-244e and Public Act 22- 55, the EDCs may, for example, own and operate energy storage systems under certain conditions,[23] and thus eligible storage projects may be included in an alternative EDC bid as described below.

[23] Effective October 1, 2022, subsection (c) of Conn. Gen. Stat. § 16-244e reads: "(1) [PURA] shall authorize an electric distribution company to recover its prudently incurred costs and investments, which shall be determined by PURA in a contested case, for any energy storage system such electric distribution company builds, owns or operates to enhance distribution reliability or resiliency at the time of the electric distribution company's next rate case, at which time such costs and investments shall be recoverable through base distribution rates consistent with the principles set forth in sections 16-19 and 16-19e. (2) For any completed energy storage system, the company shall maximize the value from the system's participation in wholesale electricity, capacity or other markets, as applicable, while maintaining distribution

As a result, the EDCs may not directly submit a competitive NWS bid in which the EDC owns generation (unless the EDC sites to a statute that allows the EDC to own generation), since EDCs are limited by law and regulatory practice to ownership of certain types of assets. However, EDC affiliates, as defined in Conn. Gen. Stat. § 16-1 (28), are allowed to provide electric generation services and shall be eligible to submit competitive NWS bids, provided the relevant EDC and affiliate are in compliance with the EDC code of conduct and any additional policies and protections. In addition, the EDCs will be permitted to work with other solutions providers to create an EDC Partnership Bid. Importantly, this is not an exception to the laws and policies that limit the types of assets that EDCs are permitted to own, but rather a different pathway for creating an efficient package of energy resources to meet the grid need.

As a result, in every competitive NWS Solicitation, there are four (4) potential categories of bids:

1. The EDCs shall submit a "traditional EDC investment bid" for all Grid Needs that go through the RFP process. The "traditional EDC investment bid" may not include:

    1) Battery storage incremental to the Energy Storage Solutions Program or
    2) Contracts for EE or DR measures beyond the already approved EE/DR programs in the C&LM Plan;

2. Additionally, the EDCs may submit an "alternative EDC investment bid" that includes battery storage permitted under Conn. Gen. Stat. § 16-244e(c) and/or targeted EE/DR deployment through the C&LM Plan (i.e., either strategic deployment of EE/DR through existing C&LM Plan programs or a planned request to amend the C&LM Plan to meet the Grid Need) in lieu of or in addition to a traditional EDC investment. Any storage and EE/DR projects or proposals should be detailed separately from each other. For any given RFP, the EDCs are not required to submit an alternative EDC bid;

3. Non-EDC developers may submit "competitive NWS bids" in response to the RFP, including EE/DR measures incremental to the C&LM Plan. This may, but is not required to, include EDC affiliates as defined by Conn. Gen. Stat. § 16-1 (a) (28),[24] subject to the Connecticut Code of Conduct regulations, located in Section 16- 244h-1 through -7 of the Regulations of Connecticut State Agencies and any other applicable policies and protections; and

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system reliability. Any net revenues from such participation shall be credited to ratepayers to offset the cost of the completed system in rates."

[24] Conn. Gen Stat. § 16-1 (a)(28) defines a "Generation entity or affiliate" as "a corporate affiliate or a separate division of an electric distribution company that provides electric generation services. In turn, electric generation services are defined by C.G.S. § 16-1(a)(26) as "electric energy, electric capacity or generation-related services."

4. The EDCs may also submit competitive NWS bids only if they partner directly with other solutions providers, which may include EE/DR measures incremental to the C&LM Plan (EDC Partnership Bid). Such solutions providers must either own the assets or provide a service directly to customers. Any portion of the solution that is an NWS (i.e., not normally eligible for inclusion in EDC rate base) will not be eligible for incorporation into the EDCs' rate base. An EDC Partnership Bid may not include EDC affiliates.

Both a traditional EDC bid and an alternative EDC bid may be referred to as an "EDC investment bid" and any EDC investments selected from the RFP process, whether they originate from the traditional bid or the alternative bid, may be generically referred to as "selected EDC investments." Bids with resources that are not owned by the EDCs (categories 3 and 4 above) may be generically referred to as "competitive NWS bids."

The NWS Final Decision has identified the disagreement regarding third-party ownership of front-of-the-meter NWS assets poses a potential barrier to the EDCs effectively implementing the program. Therefore, in order to encourage a collaborative and successful launch to the NWS Process, PURA determines that the EDCs shall own FTM NWS assets that provide a reliability service to the extent such ownership is permitted under existing state and federal laws. Importantly, third-party ownership of NWS is allowed in all other cases (i.e., in cases other than front-of-the-meter resources providing reliability service). This opportunity for third-party ownership remains a key feature of the program and promotes competition and innovation.

E. Developed NWS Process Materials

As previously mentioned, PURA hired the Process Monitor to assist in the development of NWS program materials. The Process Monitor conducted jurisdictional scans to ensure that the material developed in Connecticut were developed using national best practices.

The following sections will provide a summary of all the NWS process materials developed and their purpose.

1. Bidder Standard Data Requirements

In the RE07 Decision, PURA directed the EDCs to issue NWS RFPs with information sufficient to enable prospective bidders to: (1) provide proposals that meet the requirement of the grid need; and (2) develop solutions that optimize the benefits to ratepayers based on the benefit cost analysis framework. PURA further specified a minimum set of standard data to be provided to prospective bidders in Exhibit C of the Design Document. No stakeholders provided feedback to the Process Monitor on the standard set of data requirements throughout the stakeholder engagement process, nor did stakeholders object to any of the items in the Process Monitor's recommended

standard data set. PM Report, p. 16. Accordingly, the standard data set is adopted and is appended to the NWS Final Decision as Exhibit C.

In an effort to provide sufficient information about an identified system need as part of a competitive solicitation, the information listed below is the minimum information that must be released as part of the competitive solicitation template. The bidder standard data requirements [25] should provide bidders with sufficient information to develop a thorough proposal. The established standard data requirements for bidders as approved in the NWS Final Decision include:

1. Information on the specific, identified need
    a. Capacity needed by year
    b. Timing and duration of need (which months, days, and hours)
    c. Call response time, expected annual and consecutive events
    d. Relevant technical specification (reliability standards, interconnection requirements, etc.)

2. Technical information on substation
    a. Operating Voltage
    b. Peak rating (amps/kVA)
    c. Map of service area
    d. Historical and forecasted loads over relevant day/months

3. Customer demographic information
    a. Accounts by Sector
    b. Peak day demand by sector, if available
    c. Information on participation in DR/EE in relevant area
    d. Information on existing DERs in relevant area

2. Competitive Solicitation Template

The Competitive Solicitation Template (Appendix 3) is a statewide document describing the NWS opportunity in significantly greater detail. The Competitive Solicitation Template can be altered for an RFI or an RFP. The Competitive Solicitation Template was vetted during the Process Initiation Phase by the Process Monitor and stakeholders. All input received during the Process Initiation Phase and encompassed in the NWS Final Decision is incorporated into the final iteration included herein. The document shall be revised annually along with all other NWS templates developed to ensure market changes are properly reflected into the document.

3. Contractor Checklist

The Contractor Checklist (Appendix 4) was developed as a result of feedback received from the Process Monitor during the Process Initiation Phase. The document is statewide

[25] Non-Wires Solutions Process Monitor, page 16.

and subject to annual revision. The purpose of the Contractor's Checklist is to provide contractors a summary list of all the documents that they must submit with their proposal to ensure the proposal's completeness.

4. Non-Disclosure Agreement with Data Security Requirements Template

The Non-Disclosure Agreement with Data Security Rider ("NDA w/ DSR") (Appendix 5) is a statewide document subject to annual revision that shall be part of the RFI or RFP package sent to Contractors.

The NDA w/ DSR serves two purposes:

a) To safeguard customer and system data that may be requested by Contractors in order to develop a comprehensive proposal; and
b) To keep the contractor's proprietary proposal information confidential.

The NDA w/ DSR also outlines various guidelines that a contractor responding to an RFI and/or RFP must meet and consent to in order to receive confidential information to help develop their bid proposal, such as any Personally Identifiable Information ("PII") and/or Critical Energy Infrastructure Information ("CEII"). This document summarizes the guidelines whereby bidders must adhere to as established in the Process Initiation Phase.

5. NWS Bid Form Questionnaire Template

The Bid Form Questionnaire Template (Appendix 6) is a statewide document subject to annual revision and an Excel document that is used to capture a contractor's technical proposal details. The purpose of this document is to capture all contractor technology specifications information in one location to ensure the efficiency of evaluating proposals and running a BCA, if appropriate.

6. Contractor Qualifications Assessment

The Contractor Qualifications Assessment Template (Appendix 7) is a three-part Excel spreadsheet that documents a contractor's general information, the organization's security protocols, and requests contractor-specific documentation, if needed, to confirm that the contractor is in compliance with the respective EDC's Security Protocols. This document is also used to help identify any security vulnerabilities in the contractor's systems and is required for all executed agreements. In an effort to avoid delays when an NWS is selected, this document will be released with the RFP to set contractor expectations upfront of what will be required later in the process should their proposal be selected as the winning solution.

7. Security Control Requirements

The NWS Program Security Control Requirements (Appendix 8) is a statewide document and subject to annual revision. This document highlights security requirements should a breach occur at a contractor's facility (or facilities) and the steps the contractor must undertake to inform the EDC of the breach and the period of time within which the contractor must communicate to the EDC.

8. NWS Agreement Template

The NWS Agreement Template (Appendix 9) is a statewide document and subject to annual revision. The NWS Agreement Template is also known as the Proforma Contract that shall be part of the RFP package to help set contractor expectations of what is expected of the contractor should their proposal be selected as the winning solution. Once a winning bid is selected, the EDC shall work with the contractor and the Process Monitor to develop the EM&V plan.

9. Affiliates Code of Conduct

As part of the NWS Final Decision, PURA confirmed that existing state and federal regulations are sufficient to ensure a fair, competitive solicitation process. However, PURA directed the EDCs to notify PURA through an affirmative filing in the event than an EDC has concluded that a violation of the Code of Conduct has occurred. The EDC shall keep PURA apprised of all developments related to the violation.[26] The EDCs are directed to notify PURA within three business days of the EDC becoming aware of a Code of Conduct violation by submitting a compliance filing in the applicable NWS annual proceeding (i.e., Docket No. XX-08-08). The compliance filing shall describe the nature of the violation, the resulting actions taken by the EDC, and whether any further action on the violation is required.

The Affiliate Code of Conduct for each EDC is provided in Appendices 11 and 12.

10. Proposal Evaluation Matrix

The Proposal Evaluation Matrix (Appendix 10) is a statewide document that should be reviewed annually. The Excel document summarizes the scoring criteria whereby the EDCs will evaluate proposals. The scoring weights within the appendix are placeholders and will be adjusted for each competitive solicitation based on the system need the solicitation is intended to resolve.

VIII. Benefit-Cost Analysis Framework

A BCA cost framework is a key element of the NWS process as it helps standardize the selection process solutions. RE07 Decision, p. 43. PURA previously established a BCA framework for the NWS Process that uses the inputs from the most recent Conservation and Load Management (C&LM) plan and is designed to reflect the broader public policy goals of the state of Connecticut, such as decarbonization, development of natural resources, and prudent management of the natural environment. RE07 Decision, p. 45; Design Document, p. 21. During the Process Initiation Phase, the Process Monitor, in conjunction with stakeholders, developed and submitted a detailed BCA framework reference manual for PURA's review and approval. Additionally, the Process Monitor identified several BCA-related recommendations that PURA approved.

[26] Non-Wires Solutions Process Monitor, page 14.

In evaluating a proposal, the relevant EDC will focus on feasibility, cost effectiveness, and other benefits including, but not limited to, reliability and resilience. Costs and benefits should be considered following current BCA framework elements as recognized by the DEEP, PURA, and the Connecticut Green Bank. As noted by DEEP in its response to Interrogatory RSR-2, the latest description of C&LM benefit-cost screening in the record of this proceeding is contained in Chapter Three of the 2021 Plan Update. Among the benefits that are recognized for purposes of the primary utility cost test are:

- Electric energy savings and energy demand-reduction induced price effects ("DRIPE");
- Electric wholesale generation capacity and capacity DRIPE;
- Avoided Transmission and Distribution costs in Connecticut based on 2017 studies from Eversource and UI;
- Avoided regional transmission costs from the ISO-NE Pooled Transmission Facilities tariff; and
- A monetized benefit estimate for reliability.

In addition, the MUCT includes additional benefits for non-electric fuel savings, avoided water costs, and emissions benefits. The chart below from the 2021 Plan Update to the 2019-2021 C&LM Plan[27] shows, by way of example, how the valuation of different elements occurs.

[27] Submitted by DEEP as Attachment 5 to its Interrogatory RSR-2 response.

Table 5: 2019-2021 C&LM Plan Benefit and Costs Example

Benefit Type (numerator)	Units	15 Year-Value Levelized Cost ($ 2018)	Utility Cost Test (Natural Gas/Electric)	Modified Utility Cost Test	Total Resource Cost Test	Source
Electric Program Benefits						
Energy	$/kWh	$0.058	X	X	X	2018 AESC
Capacity	$/kW	$71.09	X	X	X	2018 AESC
Transmission	$/kW	$0.86	X	X	X	EDCs (Note 1)
Distribution	$/kW	$30.89	X	X	X	EDCs (Note 1)
Pooled Transmission Facilities (Note 2)	$/kW	$92.16	X	X	X	2018 AESC
Reliability (Note 2)	$/kW	$4.15	X	X	X	2018 AESC
Energy DRIPE (Note 3)	$/kWh	$0.028	X	X	X	2018 AESC
Capacity DRIPE (Note 4)	$/kW	$258.42	X	X	X	2018 AESC
Natural Gas	$/MMBtu	$7.76	X	X	X	2018 AESC
DRIPE (Note 5)	$/MMBtu	$3.02	X	X	X	2018 AESC
Oil	$/MMBtu	$22.51		X	X	2018 AESC
Oil DRIPE	$/MMBtu	$0.112		X	X	2018 AESC
Propane	$/MMBtu	$31.39		X	X	2018 AESC
Water	$/Gallons	$0.014			X	CT rates (Note 6)
Non-Energy Impacts	$ (varies)	N/A			X	Various
Non-Embedded Emissions	$/kWh	$0.042			X	2018 AESC
Fossil Emissions	$/ton	$100/ton CO_2 $11,955/ton NOx			X	2018 AESC
Cost (denominator)			**Natural Gas/Electric Cost** (no oil/propane)	**Program Cost** (including oil, propane)	**Total Cost** (program + customer)	

Note 1: Transmission and Distribution benefits are based on Electric Distribution Companies' ("EDC") studies conducted in 2017. The Companies use weighted average values for T ($0.84/kW) and D ($30.29/kW) from those studies.

Note 2: Pooled Transmission Facilities and Reliability are new benefits. They were not included in previous versions of the AESC Study and therefore, were not included in B/C screening prior to 2019.

Note 3: Includes all DRIPE identified in 2018 AESC, including own-fuel DRIPE and cross-fuel DRIPE (Connecticut DRIPE and rest-of-pool).

Note 4: Capacity DRIPE includes Connecticut and rest-of-pool components.

Note 5: Includes all DRIPE identified in 2018 AESC including own-fuel DRIPE and cross-fuel DRIPE (Connecticut DRIPE and rest-of-pool).

Note 6: Water-avoided costs based on 2016 Tighe and Bond water and sewer data for Connecticut. http://rates.tighebond.com/index.aspx.

With respect to the calculation of avoided distribution costs for an NWS, costs that are specific to the relevant distribution project must be used as a supplement or substitute for generic system-wide distribution avoided costs. The goal of reducing ratepayer costs necessitates comparing competitive NWS bid expenses against EDC and ultimate customer costs for the EDC investment bid. For the evaluation by the

relevant EDC and the PURA Process Monitor, the costs that ratepayers would be most likely to incur in the revenue requirement will be used for an accurate dollar-to-dollar comparison of alternatives. For clarity, this does not mean that broader avoided distribution system costs should not be included, but rather that avoided distribution system costs specific to the proposed solution should be used to supplement or replace, as appropriate, generic system-wide avoided costs estimates.

In making the calculation of potential savings for ratepayers in costs to be avoided through an NWS, the traditional EDC investment bid may be calculated from the year of implementation that PURA determines is reasonable to estimate when the traditional EDC investment bid will be added to rate base. Because ratepayers are the ultimate source of utility revenue, including rates of return, the calculation of EDC capital and operational expenses savings for customers may include the EDC's approved rate of return on capital components, any requested rate of return pending, any amortization/depreciation expense, any deferred income taxes or other tax expense, and operational expenses approved or pending as if the traditional EDC investment bid were included in EDC rate base.

It should also be assessed whether an EDC investment will lead to any of the relevant benefits considered in each benefit-cost test. EDC investments are not solely a distribution system cost and frequently provide other kinds of benefits. This is most evidently true in the case of EDC-owned energy storage systems, but it could be true of a wide range of other EDC investments as well. For example, potential EDC investments could lower line losses, which reduces a number of other electric system costs.

The BCA Framework (Appendix 13) summarizes the methodology whereby the EDCs must calculate the Benefit Cost Ratio ("BCR") for technically viable NWS bids. Per the NWS Final Decision, the BCA Framework is still under development. The EDCs, Process Monitor, and stakeholders must develop reliability and resilience calculations in compliance with the RE08 Final Decision. The NWS Final Decision's Order 2 instructs the Process Monitor to file the revised and final BCA Framework by June 17, 2025.

IX. Performance Criteria

As noted above, the Competitive Solicitation Template is likely to be amended before each competitive NWS solicitation to include performance criteria specific to the Grid Need. If a competitive NWS bid is selected by the EDC, the EDC, in consultation with the PURA Process Monitor, shall develop specific cost, development, deployment, implementation, operational, and reporting metrics specific to the Grid Need and the selected bid that the NWS will be required to track. Such metrics must be quantifiable, with the precise data required to be collected specified where possible. The EDC shall submit such metrics to PURA for review with the submission of any NWS recommended for selection. The PURA Process Monitor may propose additional performance criteria in their comments on the EDC selections, as appropriate.

X. Evaluation Measurement & Verification Plan

The pro forma contract for NWS bidders developed during the Process Initiation Phase shall include a provision for a separate EM&V plan. Such provision may be limited to high-level parameters, such as the annual filing requirement, an overview of the process to finalize an EM&V plan, a clause requiring the NWS to follow the final EM&V plan upon gaining regulatory approval, and the following elements expected to be included in all final EM&V plans:

a. All NWS system costs (projected and actual), including capital and operational expenditures, as well as any soft costs such as permitting, lease payments, interconnection, and utility upgrade costs;
b. Sufficiency of NWS resources to meet grid capacity, reliability, peak, replacement, renewable, and DER integration needs for which they were procured, including reserve margins where resources are procured with enough capacity to provide a margin of performance without compromising grid reliability, safety, or service.
c. Projected and actual commercial operational data;
d. Projected and actual run-time durations for the NWS elements, by element and together on an hourly or sub-hourly basis;
e. Type(s) and operational data on energy management systems, controls, and/or dispatch associated with the NWS;
f. Financial data on project return, capital in rate base, or investments by third parties, and cost recovery as specified in a contract between EDCs and third-party provider(s),
g. For projects involving customer participation, information on customer participation and customer value measures and metrics including measures of customer resilience and value when the grid is down, as applicable;
h. Any revenue, including wholesale market and utility revenue requirement revenues, to be paid to the project including hourly and sub-hourly energy pricing when dispatchable assets are dispatched and charged (if applicable) to calculate energy markets savings/expenditures related to the NWS;
i. Reporting measures and metrics on the distribution system need addressed by the project and evaluation of meeting that need including for grid capacity, reliability, peak, replacement, renewable, and DER integration;
j. Peak demand reductions for each event;
k. Any zonal capacity or transmission reductions under the ISO-NE tariff;
l. Public health benefits;
m. Reductions or increases in emissions of NOx, PM 2.5, and CO_2;
n. Any impacts on distributed generation hosting capacity; reliability, peak, replacement, renewable, and DER integration;
o. Measure of power quality, such as voltage, within allowable limitations, SARFI70, Total Harmonic Distortion, Total Demand Distortion; and

p. Reliability metrics for the circuit for tracking by five years prior to the NWS through the NWS for SAIDI, SAIFI, CAIDI, CEMI, CELID, CEMSMI[28] excluding and including major storm events.[29]

The final EM&V plan will be developed after the issuance of the PURA Selection Decision. Specifically, an ordering clause of the PURA Selection Decision will direct the EDC to work with the selected NWS bidder, in consultation with the PURA Process Monitor, to develop a final EM&V plan, which shall follow the guidance in this document and include the above listed elements. As part of their consultation, the PURA Process Monitor may seek input from other appropriate agencies and stakeholders.

The proposed EM&V plan shall build on both (1) the performance criteria and associated metrics discussed in Section IX: Performance Criteria and (2) the EM&V elements listed above. The EM&V plan may include qualitative metrics in addition to the quantifiable performance criteria metrics. For example, one such metric could be end-user experience where BTM technologies participate in an NWS and also provide end-user benefits.

The proposed final EM&V plan shall be submitted as a binding addendum to the EDC contract with the NWS provider in the appropriate annual docket as a motion for Authority review and approval. PURA will allow for stakeholder comments on the motion and the proposed final EM&V plan. Subsequently, PURA will issue a motion ruling approving, denying, or modifying the final EM&V plan.

The EM&V plan shall require the contracted NWS to provide information related to each metric at least annually to the EDC and PURA Process Monitor, typically no later than January 31st. The EDC shall provide the most up to date EM&V information in their annual EDC Data Filing. The PURA Process Monitor shall subsequently provide insights and commentary on this EM&V information in their May 15th comments annually.

As determined by the NWS Final Decision, Section VII.E.8 NWS Agreement Template will help set contractor expectations of what is expected and required of the contractor should their proposal be selected as the winning solution. Once a winning bid is selected, the EDC shall work with the contractor and the Process Monitor to develop the EM&V plan. The EM&V plan will also be filed as part of the EDC's annual filing.

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[28] Reporting on these indices should be consistent with the information required in annual March 22 data compliance filing pursuant to Order No. 2 of the RE08 Decision.

[29] Major storms are defined in Docket No. 86-12-03, dated March 22, 1995, p. 2. The "major storm exclusion criterion [that] is based on a statistical analysis of the most recent four calendar years of reliability data. A cumulative frequency distribution of the number of locations requiring service restoration work per day would be calculated for this four-year period. Whenever the frequency of restoration work locations exceeds the 98.5 percentile, by company and/or region, the major storm criterion would be met."

XI. EDC Cost Recovery, Incentives, and Prudence Review

Prudently incurred NWS Process costs shall be recovered by the EDCs through base distribution rates. However, interim cost recovery for prudently incurred incremental EDC expenditures, not including EDC capital expenditures, will be allowed through the Non-Bypassable Federally Mandated Congestion Charge ("NBFMCC") until the relevant costs are incorporated into base rates. The EDC shall receive an incentive in the form of 25% of customer savings through a shared savings mechanism, which shall also be eligible for interim cost recovery.

PURA will consider EDC implementation and execution of the NWS Process as a part of its prudence review of EDC investments in subsequent general distribution rate proceedings. PURA has claimed that EDC compliance with the NWS Process will be considered evidence that the selection of an EDC investment is prudent and reasonable. PURA also claims that failure to follow the NWS Process will serve as a rebuttable presumption indicative of imprudence for related EDC investments and inefficient management and operations of the company, which the EDCs do not accept as a legal principle. Because neither Docket No. 17-12-03RE07 nor 24-08-08 were contested cases, the EDCs did not have the opportunity to challenge this legal conclusion in a judicial review process to evaluate the legality of, among other things, whether PURA has the authority or proper basis to establish a rebuttable presumption. Accordingly, a legal challenge to the basis and application of PURA's rebuttable presumption must wait until the next contested rate case wherein PURA were to apply this legal presumption.

All prudently incurred costs incurred by the EDCs associated with the NWS Process shall be incorporated into general distribution rates at the next rate case, with one exception. Specifically, PURA will allow certain incremental, reasonable, and prudent expenses incurred by the EDC associated with the NWS Process to be recovered through NBFMCC on an interim basis[30] until those expenses are incorporated into base rates. Those expenses include:

- Administrative costs for NWS Process participation;[31]
- Incremental contract payments to NWS resources;[32] and

[30] Interim cost recovery through the NBFMCC for incremental NWS contract expenses and incentive payments will likely be limited in time given the anticipated timing of the project bids selected through the NWS Process and ongoing three- to four-year rate case cycles. Carrying charges for any expenses recovered through the NBFMCC shall be calculated at the prime rate, per recent PURA precedent. See, Docket Nos. 20-01-01, 20-01-02, 21-01-03, 21-01-04, 22-01-03, and 22-01-04-.

[31] Recovery of any administrative costs associated with NWS Process participation will not be allowed through the NBFMCC after incorporation into base rates

[32] The incremental amount of NWS contract payments eligible to be recovered through NBFMCC shall be net of distribution capital expenditures, inclusive of associated debt and equity costs, and expenses already included in base rates that are avoided by the selected NWS. In some circumstances, this net payment could be negative, which would mean a reduction in the NBFMCC tracker charge or potentially a net refund through the NBFMCC.

• Incentive payments from the shared savings mechanism described below.

In addition, PURA will award a Shared Savings Incentive when a selected set of competitive NWS resources provide customer savings as compared to the EDC investment bids. PURA may approve EDC performance incentives for up to 25 percent of reasonably projected customer-focused financial net benefits, amortized over the average life of the NWS asset contract(s). As structured, the EDCs would receive incentive payments at the same time customers realize NWS savings through the same cost recovery mechanism through which the net costs of the NWS are recovered. The default will be to amortize the savings over the life of the NWS with PURA open to consider methodologies other than amortization to allocate shared savings between customers and the EDCs, where the utilities, the PURA Process Monitor, and/or stakeholders show that another methodology more accurately reflects when savings will be realized for customers or provides greater net value to customers.

By implication of the calculation, customers will receive 75 percent of the reasonably projected customer-focused financial net benefits over the asset lifetime. The EDC is entitled to clear guidance on what incentives it can earn and, conversely, customers are entitled to clear quantifications to show the benefit anticipated for customers as compared to the savings allowed to the EDCs. The quantification of shared savings for each NWS selected will be outlined in the PURA Selection Decision.

Further, in Docket No. 21-05-15, PURA is considering new policies and revenue structures for the EDCs. In that docket, PURA is willing to consider the use of additional metrics (and associated incentives and penalties) specific to the NWS Process but also more general metrics that are meaningful to, and reflective of, EDC implementation of the NWS Process or applying similar principals (e.g., transparency, inclusivity, etc.) elsewhere in distribution system planning and EDC investment decisions.

Lastly, PURA will take EDC implementation and execution of the NWS Process into account in future ratemaking proceedings. Specifically, PURA has asserted that "good faith" compliance with the NWS Process will serve as evidence of the prudence of new EDC investments included in the NWS Process. PURA has also asserted that, following the NWS Process and demonstrating that an EDC investment provides the highest net benefits of the available options to meet a Grid Need, will be evidence that the selection of an EDC investment is prudent and reasonable. The EDCs reserve their rights to challenge these legal conclusions.

As noted above, PURA has stated that the same presumption is not automatically granted to the execution of an EDC investment and the conduct of those investments (e.g., cost overruns) may be subject to prudence review at an appropriate time. Conversely, PURA has stated that failure to follow the NWS Process will serve as a rebuttable presumption indicative of imprudence for related EDC investments and inefficient management and operations of the company. The EDCs contest this legal conclusion and reserve their right to challenge any findings, conclusions or decisions

~~resting on this proposition. As indicated previously, the legality of PURA's cost recovery propositions, including rebuttable presumptions of "imprudence associated with the NWS Process will await litigation in the appropriate contested case, including a general distribution rate proceeding, at which point an EDC will have the full opportunity to elect to appeal components of PURA's NWS program that are ultra vires or otherwise unlawful.~~

~~XII.~~XI. Appendices

Appendix 1: EDC Data Filing Template

Appendix 2: Grid Needs Filing Template

Appendix 3: Competitive Solicitation Template

Appendix 4: Contractor's Checklist

Appendix 5: Non-Disclosure Agreement with Cyber Security Requirements

Appendix 6: NWS Bid Form Questionnaire

Appendix 7: Contractor Qualifications Assessment

Appendix 8: Security Control Requirements

Appendix 9: NWS Agreement Template

Appendix 10: Proposal Evaluation Matrix

Appendix 11: UI Standards of Conduct

Appendix 12: Eversource Standards of Conduct

Appendix 13: BCA Framework Reference Manual