

## Categories of Stranded Customers and Considerations for REC Adder Pricing

**\*\*FOR DISCUSSION PURPOSES ONLY – 7.3.24\*\***

### AGGREGATOR MODEL

- **Customer is solicited by Designee, contracts for installation from Designee and pays Designee for solar project**
- **Customer has separate contract to sell RECs to Approved Vendor (“AV”)**
- Blue rows are situations where the Designee becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.
- Green rows are situations where the AV becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc. – but the REC Contract (if already entered into) is not terminated by the utility
- Pink rows are situations where the utility terminates the REC Contract between the AV and the utility

	Stranded Customer Situation	Notes	Considerations for REC Adder Pricing
1	<ul style="list-style-type: none"> <li>• Designee becomes unavailable <u>prior to beginning installation</u></li> <li>• Could be prior to or after Part I application submission</li> </ul>	<ul style="list-style-type: none"> <li>• These are all situations where the Designee becomes unavailable – either goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.</li> <li>• Aggregator AV would be eligible for REC adder, however the Agency expects that most of the REC adder value would be passed through to the new Designee</li> <li>• If customer lost money by already making payments to the original Designee, that would not be compensated through the REC Adder, but could be eligible for future version of Restitution Program</li> <li>• Customer could have already entered into contract to sell RECs to Aggregator AV (in which case they may wish to stick with that Aggregator AV, who would be eligible for REC adder to add value to encourage Designee installer to take it on)</li> </ul>	<ul style="list-style-type: none"> <li>• Fairly low adder value – we want to encourage companies to help these customers, but taking on these projects shouldn’t have significantly more work or risk as compared to typical customer</li> </ul>
2	<ul style="list-style-type: none"> <li>• Designee becomes unavailable <u>after beginning but prior to completing installation</u> (substantive install or electrical work needs to be completed)</li> <li>• Could be prior to or after Part I application submission</li> </ul>		<ul style="list-style-type: none"> <li>• Fairly high adder value – taking over a partially completed project could be difficult technically and involve higher risk</li> </ul>
3	<ul style="list-style-type: none"> <li>• Designee becomes unavailable after installation is substantively complete but <u>minor work, interconnection, or approvals still needed</u></li> </ul>		<ul style="list-style-type: none"> <li>• Value of adder is not to cover the actual work that the new Designee would need to do (the customer would presumably pay for that), but to encourage Designee to take on these projects</li> <li>• New Designee would also need to collect application documentation</li> <li>• Low to medium REC adder</li> </ul>
4	<ul style="list-style-type: none"> <li>• Designee becomes unavailable <u>after installation is complete</u> but before all necessary application documentation was provided to an AV (or to the customer)</li> </ul>		<ul style="list-style-type: none"> <li>• Fairly low REC adder value, may not need new Designee at all, just need to work with customer to collect necessary documentation</li> </ul>

5	<ul style="list-style-type: none"> <li>Intended AV aggregator becomes unavailable prior to Part I application submission, Designee still available</li> </ul>	<ul style="list-style-type: none"> <li>If there's no Part I application, the customer in a sense is not stranded in our Program</li> </ul>	<ul style="list-style-type: none"> <li>No REC adder b/c the process isn't any different for the new AV than a regular new customer</li> </ul>
6	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part I application has been started, but it is incomplete and/or has pending Need Info requests (Designee still available)</li> </ul>	<ul style="list-style-type: none"> <li>Customer can choose to have project reapplied with a new AV without original AV agreeing to transfer (from Program perspective – customer may have a contract with original AV to use that AV)</li> <li>If original AV agrees, Program Admin can transfer Part I application to new AV</li> </ul>	<ul style="list-style-type: none"> <li>If customer starts over with new AV, no REC adder b/c that's not any different for the AV than a new customer</li> <li>For AV Switch, low REC adder for additional work to complete Part I application</li> </ul>
7	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part I verification but prior to REC Contract execution (Designee still available)</li> </ul>	<ul style="list-style-type: none"> <li>Customer can choose to have project reapplied without original AV agreeing to transfer (from Program perspective – customer may have a contract with original AV to use that AV)</li> <li>If original AV agrees, Program Admin can transfer Part I application to new AV</li> </ul>	<ul style="list-style-type: none"> <li>If customer starts over with new AV, no REC adder b/c that's not any different for the AV than a new customer</li> <li>For AV Switch, low REC adder b/c little or no additional work due to customer having been stranded</li> </ul>
8	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part I verification and after REC contract, but prior to Part II application submission (Designee still available)</li> </ul>	<ul style="list-style-type: none"> <li>Unavailable AV has to agree to "AV Reassignment"</li> </ul>	<ul style="list-style-type: none"> <li>Low REC adder – AV will have to process AV Reassignment but otherwise not a lot of additional work</li> </ul>
9	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part II application has been started but application is incomplete, or is in Need Info (Designee still available)</li> </ul>	<ul style="list-style-type: none"> <li>Unavailable AV has to agree to "AV Reassignment"</li> </ul>	<ul style="list-style-type: none"> <li>Low REC adder – AV will have to process AV Reassignment but otherwise not a lot of additional work</li> </ul>
10	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part II verification, prior to any payments</li> </ul>	<ul style="list-style-type: none"> <li>Unavailable AV has to agree to "AV Reassignment"</li> </ul>	<ul style="list-style-type: none"> <li>Low REC adder – AV will have to process AV Reassignment but otherwise not a lot of additional work</li> </ul>
11	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part II verification, and the project has multiple REC payment, which have started but there are still remaining payments</li> </ul>	<ul style="list-style-type: none"> <li>Unavailable AV has to agree to "AV Reassignment"</li> </ul>	<ul style="list-style-type: none"> <li>Medium to high REC adder, as limited opportunities for AV to be compensated by retaining a portion of the REC incentive</li> </ul>
12	<ul style="list-style-type: none"> <li>AV becomes unavailable after all REC payments made, but still under REC contract</li> </ul>	<ul style="list-style-type: none"> <li>Unavailable AV has to agree to "AV Reassignment"</li> </ul>	<ul style="list-style-type: none"> <li>High REC adder to reflect AV taking on risk with little to no reward</li> </ul>
13	<ul style="list-style-type: none"> <li>AV becomes unavailable because utility terminates REC Contract (e.g., for Event of Default) at any time prior to the completion of the REC Contract</li> </ul>	<ul style="list-style-type: none"> <li>Project may be permitted to reapply to the Program with a new AV under a new REC Contract, but may be limitations on REC pricing</li> </ul>	<ul style="list-style-type: none"> <li>No REC adder b/c the process isn't any different for the new AV than a regular new customer</li> </ul>
14	<ul style="list-style-type: none"> <li>Utility terminates REC Contract (e.g., for Event of Default) and the Designee <i>also</i> becomes unavailable in one of the situations described above in Lines 1-4</li> </ul>	<ul style="list-style-type: none"> <li>Project may be permitted to reapply to the Program with a new AV under a new REC Contract (may be limitations on REC pricing), but could also need a new Designee</li> </ul>	<ul style="list-style-type: none"> <li>REC adders developed for Lines 1-4 would apply</li> </ul>

**AV IS THE MARKETING AND INTALLATION COMPANY OR AV HIRES/SUBCONTRACTS WITH DESGINEE MARKETING/INSTALLATION COMPANIES**

- **Customer is solicited by AV, contracts for installation from AV and pays AV for solar project**
- Blue rows are situations where the Designee becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.
- Green rows are situations where the AV becomes unavailable – i.e., goes out of business, becomes entirely unresponsive, is not permitted to continue with the project due to disciplinary action, etc.
  - If the Installer is a Designee hired by the AV – rather than the AV acting as the Installer – the Designee may or may not be available
- Pink rows are situation where the utility terminates the REC Contract between the AV and the utility

15	<ul style="list-style-type: none"> <li>• Customer had installation contract with <b>Approved Vendor</b> and installer Designee becomes unavailable</li> </ul>	<ul style="list-style-type: none"> <li>• <b>NOT eligible for REC adder</b>, because Approved Vendor is responsible for finding a new installer Designee to complete the project</li> </ul>	
16	<ul style="list-style-type: none"> <li>• AV becomes unavailable <u>prior to beginning installation</u></li> <li>• Could be prior to or after Part I application submission</li> </ul>	<ul style="list-style-type: none"> <li>• If customer lost money by already making payments to the original AV, that would not be compensated through the REC Adder, but could be eligible for future version of Restitution Program</li> <li>• Customer could have already entered into contract to sell RECs to AV (in which case the customer needs to determine any on-going contractual obligations)</li> <li>• If the installation is completed by a Designee (that is still available), there may be fewer complications with a partially-installed project (as opposed to if the installation work was to be done by AV that is now unavailable)</li> </ul>	<ul style="list-style-type: none"> <li>• Fairly low adder value – we want to encourage companies to help these customers, but taking on these projects shouldn't have significantly more work or risk as compared to typical customer</li> </ul>
17	<ul style="list-style-type: none"> <li>• AV becomes unavailable <u>after beginning but prior to completing installation</u> (substantive install or electrical work needs to be completed)</li> <li>• Could be prior to or after Part I application submission</li> </ul>		<ul style="list-style-type: none"> <li>• Fairly high adder value – taking over a partially completed project could be difficult technically and involve higher risk</li> </ul>
18	<ul style="list-style-type: none"> <li>• Approved Vendor becomes unavailable after installation is substantively complete but <u>minor work, interconnection, or approvals still needed</u></li> </ul>		<ul style="list-style-type: none"> <li>• Value of adder is not to cover the actual work that the new AV may need to do (the customer would presumably pay for that), but to encourage AV to take on these projects</li> <li>• New AV also needs to collect application documentation from original AV (or from Installer Designee)</li> <li>• Low to medium REC adder</li> </ul>
19	<ul style="list-style-type: none"> <li>• AV becomes unavailable <u>after installation is complete</u> but before submission of the Part I application</li> </ul>		<ul style="list-style-type: none"> <li>• Fairly low REC adder value, may not be much more cost or risk than normal for an AV aggregator to take on the application, especially if the installation was done by a Designee that is still available and/or an entity the AV is comfortable working with</li> </ul>

20	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part I application has been started, but it is incomplete and/or has pending Need Info requests</li> </ul>	<ul style="list-style-type: none"> <li>Customer can choose to have project reapplied with a new AV without original AV agreeing to transfer (from Program perspective – customer may have a contract with original AV to use that AV)</li> <li>If original AV agrees, Program Admin can transfer Part I application to new AV</li> </ul>	<ul style="list-style-type: none"> <li>If customer starts over with new AV, no REC adder b/c that's not any different for the AV than a new customer</li> <li>For AV Switch, low REC adder for additional work to complete PI application - may not be much more cost or risk than normal for an AV aggregator to take on the application, especially if the installation was done by a Designee that is still available and/or an entity the AV is comfortable working with</li> </ul>
21	<ul style="list-style-type: none"> <li>AV becomes unavailable after Part I verification but prior to REC Contract execution</li> </ul>	<ul style="list-style-type: none"> <li>Customer can choose to have project reapplied with a new AV without original AV agreeing to transfer (from Program perspective – customer may have a contract with original AV to use that AV)</li> <li>If original AV agrees, Program Admin can transfer Part I application to new AV</li> </ul>	<ul style="list-style-type: none"> <li>If customer starts over with new AV, no REC adder b/c that's not any different for the AV than a new customer</li> <li>For AV Switch, low REC adder for additional work to complete PI application - may not be much more cost or risk than normal for an AV aggregator to take on the application, especially if the installation was done by a Designee that is still available and/or an entity the AV is comfortable working with</li> </ul>
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28	<ul style="list-style-type: none"> <li>Utility terminates REC Contract (e.g., for Event of Default) and the Designee <i>also</i> becomes unavailable in one of the situations described above in Lines 1-4</li> </ul>	<ul style="list-style-type: none"> <li>Project may be permitted to reapply to the Program with a new AV under a new REC Contract (may be limitations on REC pricing), but could also need a new Designee</li> </ul>	<ul style="list-style-type: none"> <li>REC adders developed for Lines 1-4 would apply</li> </ul>