

2021, 2022, & 2024 20 Year REC Delivery Contract

Community Solar Subscriber Verification Overview & Timeline

This document provides Approved Vendors with an overview of the Community Solar subscriber verification process for projects under the 20-Year REC Contract. Approved Vendors are encouraged to use this document as a resource but will need to review the REC Contract, Program Guidebook and Long-Term Renewable Resources Plan for a full understanding of Program requirements.

Approved Vendors with Community Solar projects under a 20-Year REC Contract are required to report subscriber information for verification at project Energization (Part II application submission) and semiannually thereafter in June and December each year until the contract term is complete. This subscriber information must be provided for each Community Solar project. Subscriber verification is conducted by the Program Administrator and is the process of verifying the accuracy of each Community Solar project's subscriber information.

Subscriber Verification Requirements

Community Solar projects must have at least fifty percent (50%) of the project's nameplate capacity subscribed to by small subscribers. Small subscribers are defined as residential or small commercial customers with subscriptions below 25kW in size per account number (see the current [Program Guidebook](#) for additional requirements). If the project has less than 50% small subscribers as observed on both the first business day of June and the first business day of December, then all RECs delivered during the delivery year will be designated as ineligible for payment and returned to the Approved Vendor (Section 2.6(c)).

During each subscriber verification period, the Program Administrator confirms the following:

- The project has a subscription mix of at least fifty percent (50%) small subscribers.
- Each subscription is no less than 200 Watts per project.
- No single subscription constitutes greater than 40% of the project's Actual Nameplate Capacity.
 - Entities affiliated by virtue of a common parent shall not represent multiple subscriptions totaling more than 40% of the Actual Nameplate Capacity of the project per the IPA Act.
- Subscribers have completed Disclosure Forms as provided by the IPA.

Part II Subscriber Verification and First Invoice

Prior to Part II application submission, the Approved Vendor shall create a Standing Order within the PJM-EIS GATS or M-RETS platform for the automatic transfer of RECs issued for the project on a recurring basis to the utility's account. The Standing Order shall be established within 30 days of the Trade Date or the Date of Final Interconnection Approval, whichever is later (Section 2.3(i)). The initial Standing Order will be set at 100%. This will be reviewed during Part II Verification by the Program Administrator to ensure that it aligns with the result of dividing the Contract Nameplate Capacity by the Actual Nameplate Capacity. It is important to note that the Standing Order is not updated over time as the percentage of the system subscribed changes.

Upon submission of the Part II application, the Program Administrator will coordinate with the Approved Vendor on the date to download utility reports and obtain subscriber information. Once the results of the application and subscriber verification are finalized, a Schedule B is generated. The Schedule B will be used to determine the portion of RECs eligible for payment under the first invoice.

Listed below are new and important definitions to note from the REC Contract:

- **Maximum Allowable Payment** means, with respect to a Designated System, the monetary payment amount for RECs eligible for payment from such Designated System under this Agreement calculated as the multiplicative product of (a) Contract Price and (b) Designated System Contract Maximum REC Quantity.
 - Note that unlike the 2019 contract, this does not account for subscription rates.
- **Year-1 Contract Capacity Factor** means, with respect to a Designated System, the capacity factor of such Designated System recorded in Schedule B to the Product Order, which the first Delivery Year Expected REC Quantity in the delivery schedule is based on. Unless otherwise stated, the Year-1 Contract Capacity Factor shall be equal to the result obtained by dividing the Contract Capacity Factor by 0.9539.
- **Contract Nameplate Capacity** means, with respect to a Designated System that has been Energized, the Nameplate Capacity as indicated by the IPA as such in Schedule B to the Product Order that is applicable to such Designated System. With respect to either a Distributed Renewable Energy Generation Device or a Community Renewable Energy Generation Project, unless provided elsewhere in the Agreement, the Contract Nameplate Capacity shall be the Proposed Nameplate Capacity if the result obtained by multiplying the Proposed Nameplate Capacity by Proposed Capacity Factor is less than the result obtained by multiplying the Actual Nameplate Capacity by the Actual Capacity Factor. The Contract Nameplate Capacity shall be the Actual Nameplate Capacity if the result obtained by multiplying the Proposed Nameplate Capacity by Proposed Capacity Factor is equal to or greater than the result obtained by multiplying the Actual Nameplate Capacity by the Actual Capacity Factor.
- **Designated System Contract Maximum REC Quantity** means, with respect to a Designated System, the maximum number of RECs eligible for payment and for which payment can be made under this Agreement, which shall be equal to the multiplicative product of (a) Contract Nameplate Capacity (in MW), (b) Contract Capacity Factor, (c) 8,760 hours and (d) 20 years, which result shall be rounded down to the nearest whole REC.
- **Percent of Actual Nameplate Capacity Subscribed** represents the total subscribed capacity of the project. If the percent of Actual Nameplate Capacity that has been Subscribed is at least ninety percent (90%) as observed on the first Business Day of June or the first Business Day of December of a Delivery Year, then the Subscription shall be deemed to be one-hundred percent (100%) for such Delivery Year.
- **Community Solar Subscription Mix** means, with respect to a Community Renewable Energy Generation Project, the percent of its Actual Nameplate Capacity that is Subscribed by Small Subscribers (through a “subscription” as defined in Section 1-10 of the IPA Act).
- **Standing Order Percentage of Actual Nameplate Capacity** is the result of dividing the Contract Nameplate Capacity by the Actual Nameplate Capacity.
- **Percent of Actual Nameplate Capacity Subscribed by a Public School**, as observed on the first Business Day of June or (ii) the percent of Actual Nameplate Capacity that has been Subscribed by a public school as observed on the first Business Day of December, must be at least ten percent (10%). If the percent of Actual Nameplate Capacity that has been Subscribed by a public school is less than ten percent (10%) as observed on both the first Business Day of June and the first Business Day of December of a Delivery Year, then the percent of Actual Nameplate Capacity that is Subscribed is deemed to be zero percent (0%) and all the RECs Delivered in the Delivery Year shall be returned from Buyer to Seller and Buyer shall not pay for such RECs.

The first invoice will be issued after the close of the Quarterly Period during which Part II Verification (Energization) occurs. For example, if a project is Part II verified in June-August, then the first invoice would be issued in October (Section 5.1(a)).

The Program Administrator will count all RECs delivered during the Quarterly Period, including those delivered prior to the date of Energization. All RECs that have been delivered prior to Part II verification will be eligible for payment and deemed delivered on the date of Energization (Part II Verification date) (not before the month of the Trade Date) (Section 2.3(i)). They must be associated with a subscription level to be deemed eligible (Section 4.2(d)(i)).

Subsequent invoices in the delivery year of Energization (the 1st Delivery Year) following the first invoice will use the greater of Percent of Actual Nameplate Capacity being subscribed in (i) the Schedule B generated at Energization (Part II Verification) or (ii) as observed in the December semiannual reporting (Section 2.6(b)). The subscription percentage at Energization will act as “June” and be compared to December.

The tables below outline important dates for two 20-Year REC Contract subscriber verifications and the first invoice:

Month of Invoice	Month of Energization	First Invoice	First Semiannual Subscriber Verification	Quarterly Period for REC Delivery	Percent of Actual Nameplate Capacity Being Subscribed to Used for Invoice
October	June - August	October	December	June - August + Prior (after Trade Date)	Energization (“June”)
	September - November	January	December	N/A	N/A
January	June - August	October	December	September - November	Energization (“June”)
	September - November	January	December	September - November + Prior (after Trade Date)	Energization (“June”)
April	June - August	October	December	December - February	The greater of Energization (“June”) and December DY 1 (True Up, if applicable)
	September - November	January	December	December - February	The greater of Energization (“June”) and December DY
July	June - August	October	December	March- May	The greater of Energization (“June”) and December DY 1
	September - November	January	December	March- May	The greater of Energization (“June”) and December DY 1

Each invoice will include:

- The invoice amount.
- The cumulative amount previously invoiced by the Approved Vendor for each delivery year for each project.
- The Annual Allowable Payment for each project.
- The cumulative amount previously invoiced by the Approved Vendor for each project.
- The Maximum Allowable Payment for each project as indicated in the most recent Quarterly Netting Statement for such Quarterly Period.
- The applicable PJM-EIS GATS and/or M-RETS Unit IDs of projects that have been Energized.
- Any unpaid amounts owed to the utility by the Approved Vendor as of the date of the invoice.

Quarterly Netting Statements

For a Quarterly Period, the IPA shall issue to the utility and Approved Vendor a Quarterly Netting Statement specifying the Maximum Allowable Payment and Annual Allowable Payment for each project. These will be issued to the utility and Approved Vendors by the first (1st) business day of the month following the conclusion of a Quarterly Period if there is a change since the last issuance of the Quarterly Netting Statement (Section 5.1).

- An example of the Quarterly Netting Statement calculations is provided in Exhibit F-4 of the REC Contract.
- The latest Quarterly Netting Statement must be included with all invoices.

Invoice Amount Calculation:

The invoice amount will be equal to the multiplicative product of (i) the Contract Price, (ii) the REC quantity that is delivered during the applicable Quarterly Period that has just concluded, and (iii) the percent of the Actual Nameplate Capacity that is Subscribed, per the calculations below (Section 5.1(b)):

- If the subscription rate is at least 90%, then the Percent of Actual Nameplate Capacity being Subscribed is 100% (Section 2.6 (b)). This means that the Approved Vendor will be paid for 100% of REC transfers.
- In the event that the subscription rate falls below 90%, then the Percent of Actual Nameplate Capacity being subscribed will be that of the actual subscription rate (i.e. 89%) This means that the Approved Vendor will be paid for a reduced percentage of REC transfers. (Section 2.6 (b)).
- In the event that the percentage of small subscribers (subscription mix) falls below 50% for both June and December, then the Percent of Actual Nameplate Capacity being subscribed will be 0% (Section 2.6 (b)). This means that the Approved Vendor will be paid for zero REC transfers.

Payments for a delivery year (DY) cannot exceed the Annual Allowable Payment for that delivery year (Section 1.9). The following values count toward a delivery year's Annual Allowable Payment:

- REC transfers that occur during the DY (not based on date of invoice).
- Any Surplus REC payments made in the DY based on Surplus RECs transferred in a previous DY.
- Any true-up payment made in the DY.

Note: Payments over the life of the contract cannot exceed the Maximum Allowable Payment.

Semiannual June & December Subscriber Verification

The table below outlines important dates for 20-Year REC Contract subscriber verification and invoicing, after the first invoice and delivery year:

Invoice Month	Quarterly Period for REC Delivery	Percent of Actual Nameplate Capacity Being Subscribed to Used for Invoice
October	June - August (<i>Surplus RECs are paid, if applicable</i>)	June DY2
January	September - November	June DY2
April	December - February	Greater of June DY2 and December DY 2 (<i>True Up, if applicable</i>)
July	March- May	Greater of June DY2 and December DY 2

After the first delivery year, the invoices will use whichever subscriber mix is greater—December or June subscriber verification (Section 2.6(b)). If subscription levels in December are greater than June, a true-up payment adjustment may be made and reflected as a line item in the April invoice (4.2d vii). If subscription levels in December are equal or less than June, there will be no true-up payment adjustment for the delivery year (Section 4.2(d)(v)).

Semiannual Subscriber Verification Timeline

Subscriber Verification Event	Deadline to Update Utility Records*	Program Administrator Downloads Utility Reports*	Subscriber Data Due Date*	Program Administrator Review, Curing, and Post Verification Activities
June Semiannual Verification	First Business Day of June	Second Business Day of June	June 10 or next business day	June 10-Aug 31
December Semiannual Verification	First Business Day of December	Second Business Day of December	December 10 or next business day	Dec 10-Feb 28 (or February 29 in leap years)

Deadline to Update Utility Records: The first business day of June and the first business day of December

Program Administrator Downloads Utility Reports: Second business day of June and second business day of December

Subscriber Workbooks Provided to Approved Vendors: Approximately one month prior to due date.

Subscriber Workbook Due Date: June 10th and December 10th, or next business day. Subscriber workbooks on SharePoint must be updated with all subscriber enrollments and unenrollment, and all data validation errors must be resolved by the subscriber workbook due date to support the subscriber review process. This allows Approved Vendors time to make updates and get Disclosure Forms in order. “Business day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. If the deadline falls on a non-business day, then workbooks shall be due the following business day.

- The subscriber workbook due date is the last day to make changes to subscriber information aggregated by the Program Administrator (including subscription sizes, adding new subscribers, or terminating subscribers) for the semiannual review. After this date, no data reported to the Program Administrator may be updated.
- Subscriber workbooks should reflect subscribers as of the first business day of June or December.
- All subscriber Disclosure Forms must be in completed status in the portal by end-of-day on the report due date. This includes any new Disclosures Forms required for subscription size changes. Disclosure Forms that are completed after the report due date will not be considered for the semiannual subscriber verification.
- The 2019 contract requires the submission of Exhibit C, the Community Solar Quarterly Report. This requires submission of subscriber information as well as REC quantity information, collateral, requests to change REC obligation and consumer complaints. Unlike the 2019 (or 15-Year) REC Contract, there is no additional reporting associated with the submission of subscriber records.

Subscriber Verification and Disclosure Form Review

- The Program Administrator downloads all subscriber workbooks from SharePoint after the due date, imports utility data, and begins subscriber verification and disclosure form review (Timeline about 2-3 weeks).
 - Preliminary verification results sent out to Approved Vendors to review. This includes a preliminary percentage subscribed, percentage of small subscribers, and a summary of any errors.

* Business Day means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day opens at 8:00 a.m. and closes at 5:00 p.m. local time for the relevant Party's principal place of business.

- Depending on the findings, Approved Vendors may accept the results or attempt to cure subscriber and Disclosure Form errors. In general, new Disclosure Forms cannot be generated to cure violations and subscriber reports cannot be changed (Timeline about 2 weeks).
- Once the Subscription percentages are finalized, the Program Administrator will work with Approved Vendors and utilities on the issuance of revised Schedule Bs.

Issuance of Schedule B

- Once subscription rates are finalized, the Program Administrator generates a revised Schedule B if there is any change in the Percent of Actual Nameplate Capacity being subscribed or the Community Solar Subscription Mix compared to the previous verification (about one week turnaround).
- Schedule Bs are sent to utilities and Approved Vendors.

Surplus RECs

If, as of a given invoice, the aggregate payments made for a delivery year have reached the Annual Allowable Payment for such delivery year based on the Quarterly Period during which the REC delivery was made, then any Surplus RECs shall be included in the invoice due in the upcoming October after that delivery year provided that the invoice amount associated with such project shall not cause the payment to be made to cumulatively exceed the Maximum Allowable Payment or the Annual Allowable Payment for such delivery year. Once payment has occurred, the Surplus RECs that have been paid shall cease to be Surplus RECs (Section 5.2).

Upon the conclusion of the annual review process for the last delivery year in the delivery term, if there are Surplus RECs remaining in the Surplus REC Account of a project, all Surplus RECs remaining shall be returned from the utility to the Approved Vendors within sixty days of the conclusion of the delivery year (Section 4.2 (g)).

True-up Payment Adjustments

The quantity of RECs subject to the true-up payment adjustment shall be equal to the multiplicative product of (a) the difference between June and December subscriber levels and (b) the RECs Delivered for the period of June 1 through November 30. RECs are always rounded down for calculating the true-up payment adjustment (Section 4.2(iv)).

If the December Percent of Actual Nameplate Capacity being Subscribed is greater than the June Percent of Actual Nameplate Capacity being Subscribed, there will be a true-up. If the December Percent of Actual Nameplate Capacity being Subscribed is equal to or less than the June Percent of Actual Nameplate Capacity being Subscribed, then there will be no true-up payment adjustment for the delivery year (Section 4.2(iv)).

First Delivery Year

True-up payment adjustments can happen in the first year if December subscriber levels are greater than Part II Verification (Energization) subscriber levels.

If Part II Verification (Energization) occurs after December 1st, then a true-up payment adjustment would not occur in the first delivery year because there is no December subscription verification. The delivery year runs June-December thus, there is no second subscriber verification in the first delivery year. True-up payments made during a delivery year will count toward the Annual Allowable Payment, as illustrated below.

Price Element (based on Community Solar Subscription Mix)

(a) Contract Price	\$74.62
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Quantity Elements (based on Subscriber Rates)

(b) RECs Delivered during period of June 1, 2022 through November 30, 2022	537
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(c) Eligible REC Quantity based on Subscriber Rate observed on first Business Day of June 2022 (i.e., RECs Delivered June 2022-November 2022 x Subscriber rate of 70%), rounded down	375
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(d) Eligible REC Quantity based on Subscriber Rate as observed on December 1, 2022 (i.e., RECs Delivered June 2022-November 2022 x Subscriber rate of 88%), rounded down	472
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(e) Change in quantity of RECs eligible for payment associated with period of June 1, 2022 through November 30, 2022 [(d)-(c)]	97
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Payment Adjustment¹⁸

(f) TOTAL PAYMENT ADJUSTMENT [(a)*(e)]	\$7,238.14
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Any true-up payment adjustment will be included in the invoice issued on April 10th of the same Delivery Year. In this example, the payment adjustment of \$7,238.14 will be included in the invoice issued on April 10, 2023. For avoidance of doubt, the April 10, 2023 invoice will also contain the payment amount for RECs Delivered in period of December 1, 2022 through February 28, 2023 that are eligible for payment. For further avoidance of doubt, the total payment amount on the April 10 invoice, including any true up adjustment, will be subject to the Surplus REC provisions of Sections 4.2(c) and 5.2.

Ineligible RECs

Ineligible RECs are RECs that are not eligible for payment. These are the portion of RECs excluded from the Percent of Actual Nameplate Capacity being subscribed. Ineligible RECs can also include RECs that did not meet the minimum small subscriber requirements.

Within sixty days of the conclusion of a delivery year, IPA will issue to the utility and the Approved Vendor, a REC Retirement Notice indicating the quantity of Ineligible RECs to be returned to the Approved Vendor and the quantity of RECs received in such delivery year to be retired. Ineligible RECs are rounded down, and the utility will retire or return RECs within the later of thirty days of the utility's receipt of the REC Retirement Notice or ninety days of the conclusion of the delivery year (Section 4.2(e)).