



STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051

DOCKET NO. 21-05-15

PURA INVESTIGATION INTO A
PERFORMANCE-BASED REGULATION
FRAMEWORK FOR THE ELECTRIC
DISTRIBUTION COMPANIES

April 26, 2023

By the following Commissioners:

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DECISION

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DECISION

I. INTRODUCTION

A. SUMMARY

In this Decision, the Public Utilities Regulatory Authority (Authority or PURA) adopts the regulatory goals, foundational considerations, and priority outcomes that will guide the Authority's development and adoption of a performance based regulation (PBR) framework in Connecticut pursuant to Section 1 of Public Act 20-5, An Act Concerning Emergency Response by Electric Distribution Companies, the Regulations of other Public Utilities and Nexus Provisions for Certain Disaster-Related or Emergency-Related Work Performed in the State (Take Back Our Grid Act). Specifically, the Authority, through an iterative stakeholder process, investigated various goals and outcomes to arrive at four regulatory goals, five foundational considerations, and nine priority public outcomes to guide PBR development. These goals, considerations, and outcomes are rooted in, and have broad applicability to, all utility regulatory matters and, as such, will guide current and future utility regulation in Connecticut.

The Decision provides, in order: (1) key procedural aspects of Phase 1 of the proceeding, including context on the need to reform the traditional utility business model, the impetus for PBR in Connecticut, other relevant work of the Authority, and how PURA sees the use of PBR, as well as major docket milestones and a summary of public comment received, see Section I, Introduction; (2) the applicable standard of review, see Section II, Standard of Review; (3) regulatory goals, foundational considerations, and priority outcomes to guide PBR development, including how the Authority identified and selected the goals, considerations, and outcomes, see Section III.A, Goals, Foundational Considerations, and Outcomes; (4) PBR elements for further consideration in the next phase of the Authority's investigation into establishing a PBR framework in Connecticut (Phase 2), including how and why the Authority selected these elements, see Section III.B, Phase 2 Investigation: Topic Areas; (5) a tentative procedural plan for Phase 2, with the aim of creating a regulatory environment that comprehensively achieves the adopted goals and priority outcomes, see Section III.C, Phase 2 Investigation: Procedural Approach; and (6) a summary of how the Authority's PBR and other work creates a regulatory environment that comprehensively achieves the adopted goals and priority outcomes, see Section IV, Conclusion.

B. BACKGROUND OF THE PROCEEDING

1. Imperative for Regulatory Reform to Better Serve the Public Interest

Public utilities are regulated primarily because they provide essential services for society's well-being; and are natural monopolies, under which competition does not exist.¹ Accordingly, utility regulation is intended to serve as a proxy for the forces of competition and to protect the public interest by ensuring safe, adequate, and reliable service at just and reasonable prices. See, e.g., Conn. Gen. Stat. §§ 16-19(a) and 16-19e(a). Under these broad principles, over time, the Authority has developed and administered a set of regulatory mechanisms and tools by which to regulate the utilities. Consistent with industry practice for more than one hundred years, this regulatory framework is fundamentally based on a cost of service (COS) model under which electric distribution companies (EDCs) recover costs incurred for providing electric distribution service, while incentives are primarily driven by the opportunity to earn a reasonable return on capital expenditures. See, e.g., RAP Regulation Guide, p. 8.

However, the legacy business model, including a COS-only regulatory framework, and operations of the EDCs are fundamentally at odds with current technology and public policy trends. Technology advances and falling costs have accelerated the adoption of distributed energy resources (DERs) and other grid-edge technologies, giving customers greater control over their ability to generate and consume electricity independently from the grid. Additionally, the proliferation of grid-edge technologies requires a more distributed electric grid that can better accommodate and manage bidirectional flows of energy and is likely to require investment to upgrade systems and infrastructure to optimally integrate and utilize these resources. The dynamic of more independent customers and the potential for additional distribution system costs gave rise to industry concern in the late 2000s and early 2010s of a customer exodus from the grid that would further exacerbate rate increases through growing distribution costs allocated to even fewer customers.² These concerns sparked the reevaluation of EDC business models considering a changing energy and electric distribution industry. For example, New York state's Reforming the Energy Vision initiative, launched in 2014, seeks "to encourage new roles and business models for electric utilities" through sweeping energy policy and regulatory reform in light of a status-quo "twentieth-century power system [that is] unsustainable, both environmentally and economically."³ Many other states, including Massachusetts, Hawaii, and Minnesota, are similarly pursuing efforts to revolutionize the electric distribution industry and business models through public policy and regulatory reform.⁴

¹ Lazar, Jim, with Regulatory Assistance Project (RAP) Staff, "Electricity Regulation in the US: A Guide" RAP Regulation Guide, June 2016, p. 3, available at: <https://www.raponline.org/wp-content/uploads/2016/07/rap-lazar-electricity-regulation-US-june-2016.pdf>.

² Denning, Liam. "Lights Flicker for Utilities." Wall Street Journal, December 2013, available at: <https://www.wsj.com/articles/SB10001424052702304773104579270362739732266>.

³ New York State, Reforming the Energy Vision White Paper, available at: [NY State Gov.](http://www.ny.gov)

⁴ Cooke, A.L., Homer, J.S., and Schwartz, L.C., "Distribution System Planning – State Examples by Topic," May 2018, available at: https://eta-publications.lbl.gov/sites/default/files/dsp_state_examples.pdf.

In response to these technological and industry changes and in the face of the present and future impacts of climate change, customers, policymakers, and regulators in Connecticut and beyond expect more of utilities. With every aspect of the economy and customers' daily lives dependent on reliable access to electricity for power, heating, and cooling, internet service, and so much more, it is essential that any electricity outage be minimized to the greatest extent possible – both in terms of frequency and duration. Such a necessarily high bar may require an increasing amount of work and solution sets to deliver safe, clean, reliable, and affordable electric service in the face of more extreme temperatures and more frequent or intense storms associated with climate change.

The state's experience with Tropical Storm Isaias in August 2020 exemplifies these difficulties. The long duration of the electric service outages experienced by many customers was unacceptable, with significant impacts on people's daily lives and the state's economy. Notably, this challenging storm occurred immediately following an increase in electric rates. As Connecticut's electric rates are already among the highest in the nation, the public outrage made clear that Connecticut electric customers and state leaders question the value of the electric service they receive – a sentiment shared by the Authority when rendering its Decision following an eight-month investigation into the matter. See Decision, April 28, 2021, Docket No. 20-08-03, [Investigation into Electric Distribution Companies' Preparation for and Response to Tropical Storm Isaias](#). These circumstances prompted the Connecticut General Assembly to enact the Take Back Our Grid Act, which, among other things, directed the Authority to investigate, develop, and adopt a framework for implementing PBR for the EDCs in Connecticut.

Affordability is also top of mind for customers, policymakers, and regulators. In 2021, Connecticut had the sixth highest average retail electricity price on a cents per kilowatt hour basis in the United States.⁵ The Authority has prioritized addressing this persistent challenge through the creation of a rate tailored to small businesses, changes to the residential financial hardship programs, and a new low-income discount rate. See, e.g., Docket No. 17-12-03RE11, [PURA Investigation into Distribution System Planning of the Electric Distribution Companies - Energy Affordability](#) (Docket No. 17-12-03RE11). While the Authority has made progress on energy affordability, changes to the current regulatory framework are necessary as too many customers remain overburdened by the monthly cost of electricity service and its impact on their daily lives.

Ultimately, persistent energy affordability challenges, evolving customer expectations, present and future impacts of climate change, the recent confluence of industry transformation, and public policy changes underscore the need for comprehensive electric distribution regulatory reform in Connecticut.

⁵ U.S. Energy Information Administration, US Electricity Profile 2021. Nov. 10, 2022., available at: <https://www.eia.gov/electricity/state/>.

2. Equitable Modern Grid Framework

The Authority's establishment of the Equitable Modern Grid Framework (EMG Framework) in 2019 catalyzed grid modernization efforts in Connecticut. See Decision, Oct. 2, 2019, Docket No. 17-12-03, PURA Investigation into Distribution System Planning of the Electric Distribution Companies (Equitable Modern Grid Decision), p. 1.⁶ The objectives of the EMG Framework include: (1) supporting the growth of Connecticut's green economy; (2) enabling a cost-effective, economy-wide transition to a decarbonized future; (3) enhancing customer access to a more resilient, reliable, and secure commodity; and (4) advancing the ongoing energy affordability dialogue in the State. The EMG Framework comprises a portfolio of eleven dockets addressing topics ranging from reliability and resilience standards to zero emissions vehicles, energy affordability, and more. See id. To date, the EMG Framework has advanced the state's grid transformation with final decisions or active programs in place for nine of the eleven dockets.⁷

Notably, recent decisions in the EMG dockets have identified reported metrics, scorecards, and other mechanisms that can be efficiently utilized to serve PBR priority outcomes. For example, the data reporting and reliability and resilience scorecards described in the Authority's August 31, 2022 Decision (Docket No. 17-12-03RE08 Decision) in Docket No. 17-12-03RE08, can be leveraged to track achievement of the Reliable and Resilient Service PBR outcome, and the Non-Wires Solutions (NWS) process set forth in the Authority's November 9, 2022 Decision (Docket No. 17-12-03RE07 Decision) in Docket No. 17-12-03RE07, provides a mechanism by which the Comprehensive and Transparent System Planning PBR outcome can be realized. Docket No. 17-12-03RE08 Decision, pp. 75, 95; Docket No. 17-12-03RE07 Decision, pp. 1, App. A.

While the EMG Framework has established a solid foundation of regulatory advancements, more must be done to ensure the EDCs are positioned to achieve the

⁶ See PURA's Clean Energy Programs webpage, available at: <https://portal.ct.gov/PURA/Electric/Office-of-Technical-and-Regulatory-Analysis/Clean-Energy-Programs/New-Clean-Energy-Programs>.

⁷ The Authority's 2022 Annual Report provides information regarding PURA's progress on the EMG Framework to date. The 2022 Annual Report is available at: <https://portal.ct.gov/pura/about/annual-report>. The nine EMG Framework dockets in which the Authority has issued a final Decision are: Docket No. 17-12-03RE01, PURA Investigation into Distribution System Planning of the Electric Distribution Companies - Energy Affordability; Docket No. 17-12-03RE03, PURA Investigation into Distribution System Planning of the Electric Distribution Companies—Electric Storage; Docket No. 17-12-03RE04, PURA Investigation into Distribution System Planning of the Electric Distribution Companies –Zero Emission Vehicles; Docket No. 17-12-03RE05, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Innovative Technology Applications and Programs (Innovation Pilots); Docket No. 17-12-03RE06, PURA Investigation into Distribution System Planning of the Electric Distribution Companies –Interconnection Standards and Practices; Docket No. 17-12-03RE07, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Non-Wires Alternatives; Docket No.17-12-03RE08, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Resilience and Reliability Standards and Programs; Docket No. 17-12-03RE09, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Clean and Renewable Energy Resource Analysis and Program Reviews; and Docket No. 17-12-03RE11, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – New Rate Designs and Rates Review.

state's ambitious policy goals and to meet the changing expectations of customers. PBR is the natural next step in the state's efforts to reform the legacy utility regulatory framework in Connecticut; as such, it will explicitly build upon the EMG framework's foundation of regulatory advancements.

3. Performance Based Regulation, A Toolkit for Regulatory Reform

PBR and its associated tools – revenue adjustment mechanisms, performance incentive mechanisms, reported metrics and others – can help realign the EDC business model incentives with the public interest through increased transparency and accountability and by tying financial incentives and disincentives to public outcomes, rather than to capital investment alone. While some of these tools are currently in place in Connecticut, they are, in most cases, early predecessors that warrant a holistic review to ensure that the proper PBR tools are in place to achieve the desired public outcomes and are optimized both individually and as an integrated portfolio. As such, the Authority views PBR as a means to adapt its fundamental approach to utility regulation in the context of an increasingly decarbonized, digitized, distributed, and necessarily, more equitable electricity system. Furthermore, Connecticut's PBR framework can be broadly applied across all electric sector matters and may also be transferred to other utility sectors in the future to build upon and harmonize those sectors' current incentive structures and mechanisms, consistent with public comments that recommended the Authority ensure that the general principles established in the Decision are applicable to other sectors. See, e.g., Tr., March 16, 2022, 62:19-63:18.

C. CONDUCT OF THE PROCEEDING

On May 26, 2021, building on the Equitable Modern Grid Decision and pursuant to Section 1 of the Take Back Our Grid Act, the Authority initiated Docket No. 21-05-15 to investigate, develop, and adopt a framework for implementing PBR for the EDCs in Connecticut, The Connecticut Light and Power Company d/b/a Eversource Energy (Eversource) and The United Illuminating Company (UI). Notice of Proceeding, May 26, 2021.⁸

On January 31, 2022, the Authority issued a Notice Regarding Investigation Timeline (Timeline Notice) in which it bifurcated its PBR investigation into two phases. In the Timeline Notice, the Authority announced that Phase 1 would consist of the following five steps: (1) consider regulatory goals to inform a performance-based regulatory framework; (2) establish optimal public outcomes of a PBR framework in Connecticut; (3) evaluate the current regulatory framework and examine which existing incentive mechanisms and regulatory components may not be functioning as intended or are no longer aligned with the public interest, and identify specific areas of utility performance that should be targeted for improvement; (4) assess which regulatory mechanisms can

⁸ Subsequently, the Authority issued a Revised Notice of Proceeding on December 14, 2021, to announce the selection of Strategen Consulting, LLC as its consultant to supplement or complement its existing staff expertise with respect to the development of a framework for PBR. Revised Notice of Proceeding, Dec. 14, 2021.

drive improved public outcomes; and (5) identify specific performance metrics, where appropriate.

On March 17, 2022, the Authority issued Staff Concept Paper 1, which provided Participants and stakeholders with an initial set of proposed regulatory goals and desired public outcomes to respond to, to expand upon, and on which to offer alternatives.

The Authority held a noticed Stakeholder Workshop (Stakeholder Workshop 1) on April 5, 2022, via remote access. The purpose of Stakeholder Workshop 1 was to discuss and receive feedback on the proposed goals and outcomes.

On April 12, 2022, the Authority issued a first Notice of Request for Written Comments (Written Comment Notice 1) requesting written comments from Participants and stakeholders addressing the proposed regulatory goals and desired public outcomes detailed in Staff Concept Paper 1. Specifically, the Authority requested written comments regarding the following: (1) what, in terms of developing an advanced regulatory framework, would be truly transformational for Connecticut; (2) whether the Participants and stakeholders support the proposed goals and outcomes in Staff Concept Paper 1 or whether they recommend any modifications, removals, or additions; and (3) whether each goal is appropriately mapped to the associated outcome.

On June 23, 2022, the Authority issued Staff Concept Paper 2, which: (1) reviewed the Authority's approach to Phase I of the proceeding; (2) presented a revised set of regulatory goals and outcomes for Participant and stakeholder consideration; (3) characterized Connecticut's existing regulatory framework for the EDCs; and (4) provided a template (Regulatory Assessment Template) for Participants and stakeholders to assess the current regulatory framework.

Subsequently, the Authority held a second noticed Stakeholder Workshop on July 14, 2022, to discuss the concepts raised in Staff Concept Paper 2, with a particular focus on assessing Connecticut's existing regulatory framework.

On July 22, 2022, the Authority issued a second Notice of Request for Written Comments (Written Comment Notice 2) requesting written comments regarding whether existing regulatory mechanisms are effective in achieving the desired public outcomes. In the Written Comment Notice 2, the Authority requested that Participants and stakeholders identify up to five top priority outcomes from Staff Concept Paper 2 and then assess each of the five priority outcomes identified across the different mechanisms and programs listed in the Regulatory Assessment Template, which PURA provided as an attachment.

On October 7, 2022, the Authority issued Staff Concept Paper 3, which provided further information and context regarding the implementation of a PBR framework. Specifically, Staff Concept Paper 3: (1) summarized key themes and stated positions from Participants' and stakeholders' Regulatory Assessment comments; (2) suggested a prioritized set of revised outcomes to guide the remainder of this investigation; (3)

provided an overview of regulatory mechanisms and an illustrative mapping of the prioritized outcomes to one or more of those mechanisms; (4) reviewed key applications for metrics, described possible principles for metric design, and identified potential metrics for consideration; and (5) discussed the evolving role of the EDCs in the context of the priority outcomes.

The Authority held a third noticed Stakeholder Workshop on October 24, 2022, via remote access, to discuss and receive feedback regarding: (1) how existing regulatory mechanisms map to public outcomes; (2) possible new regulatory approaches to support prioritized outcomes not well met by existing regulations; and (3) common approaches and principles for metric design.

Subsequently, the Authority issued a third Notice of Request for Written Comments on Nov. 23, 2022 (Written Comments Notice 3). The Notice of Written Comments 3 requested written comments from Participants and stakeholders regarding four topics, including any suggested modifications to the mapping of each priority outcome to the relevant category of regulatory mechanisms in Staff Concept Paper 3, new regulatory mechanisms the Authority should focus on in Phase 2 to better achieve the priority outcomes, and which, if any, existing regulatory mechanisms the Authority should investigate changes to in Phase 2 to better achieve the priority outcomes.

On January 25, 2023, the Authority Staff issued a Straw Proposal (Straw Proposal). The Straw Proposal: (1) provided background regarding the need to update the utility regulatory framework; (2) recommended nine priority public outcomes of electric utility service, which will guide the remainder of this investigation; and (3) recommended a portfolio of PBR elements for further exploration and implementation.

On January 25, 2023, the Authority also issued a Notice of Request for Written Comments and Notice of Request for Briefs (Written Comments and Briefs Notice) in which it solicited written comments and briefs from Participants and stakeholders regarding the Straw Proposal and Participants' and stakeholders' positions on various topics discussed in the above-referenced docket.

The Authority subsequently held a fourth noticed Stakeholder Workshop (Stakeholder Workshop 4) on February 1, 2023, via remote access, to discuss the Authority's Straw Proposal and recommended PBR Framework and to receive presentations from Participants and stakeholders regarding their recommendations on how the Authority should move forward with PBR in Phase 2.

The Authority also held two noticed virtual public listening sessions discussed in greater detail below; the first on March 16, 2022, and the second on December 19, 2022.

On March 17, 2023, the Authority issued a proposed final Decision in this proceeding and provided an opportunity for Participants to file Written Exceptions.

D. PARTICIPANTS

The Authority recognized the following as Participants to this proceeding: Eversource, 107 Selden Street, Berlin, CT 06037; UI, 180 Marsh Hill Road, MS AD-2A, Orange, CT 06477; the Office of Consumer Counsel (OCC), Ten Franklin Square, New Britain, CT 06051; the Commissioner of the Department of Energy and Environmental Protection (DEEP), 79 Elm Street, Hartford, CT 06106; the Attorney General (AGO), 10 Franklin Square, New Britain, CT 06051; Acadia Center, 21 Oak Street, Suite 202, Hartford, CT 06106; Conservation Law Foundation (CLF), 62 Summer Street, Boston, MA 02110; Center for Children's Advocacy (CCA), 65 Elizabeth Street, Hartford, CT 06105; Connecticut Industrial Energy Consumers (CIEC), 540 Broadway P.O. Box 22222 Albany, New York 12201-2222; Kathleen Fay, 61 Springside Avenue, New Haven, CT, 06515; Operation Fuel, 75 Charter Oak Avenue, Suite 2-240, Hartford, CT 06106; Save the Sound (STS), 900 Chapel Street, Suite 2202, New Haven, CT 06511; Sentient Energy, 15815 Executive Drive, Suite 300, Frisco, TX 75033; Sunrun Inc., 225 Bush Street, Suite 1400, San Francisco, CA 94104; and Vote Solar, 101 Summer Street, 2nd Floor, Boston, MA 02110.

E. PUBLIC COMMENT

The Authority held two virtual public listening sessions to encourage non-traditional stakeholder engagement and to enhance the understanding of a PBR framework. Fifteen people provided comments at the public listening session held on March 16, 2022, and four people provided comments at the public listening session held on December 19, 2022. The Authority provided a presentation via PowerPoint at the beginning of each of the public listening session.⁹ PURA also accepted written public comments throughout the proceeding. The Authority has given these public comments, summarized below, due consideration as broadly reflected in the regulatory goals, foundational considerations, and priority public outcomes adopted in this Decision.

Former State Representative and a key architect of the Take Back Our Grid Act, David Arconti, provided comments in support of the adoption of a PBR Framework. Specifically, Representative Arconti advocated for PBR as a way to help reduce customer costs and modernize the electric grid. Tr., March 16, 2022, 14:11-21. The Authority also received many comments regarding the importance of incorporating affordability and customer benefits into a PBR framework. Several commenters recommended ensuring that affordability is a primary focus for PBR. See, e.g., Tr., March 16, 2022, 14:18-21, 31:14-19, 54:4-11, 60:8-21, 70:20-25; Peter Kraus Corresp., Jan. 4, 2023; Elaine Dove Corresp., Jan. 4, 2023. One commenter expressed support for PBR as a model to help reduce customer costs and modernize the electric grid so electric carbonization and affordability can coexist. Tr., March 16, 2022, 14:15-21; 59:20-60:25. Other commenters expressed the importance of reliability and customer service. See, e.g., Tr., March 16,

⁹ The presentation provided at the March 16, 2022 public listening session is available at: <https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/0f7a0e848961739a852588080048fa1c?OpenDocument>, and the presentation provided at the December 19, 2022 public listening session is available at: <https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/c04a02d232f7bafa8525891e004f454f?OpenDocument>.

2022, 16:19-18:19, 30:7-34:6, 54:4:11. Several commenters also recommended the incorporation of transparency and data accessibility for customers into the PBR framework. Tr., March 19, 2022, 41:19-42:7, 65:2-66:8; Tr., Dec. 19, 2022, 20:6-21:13, 28:23-29:17; Michael S. Uhl Corresp., Jan. 10, 2023, pp. 8-9.

The Authority also received comments regarding the role DERs and clean energy may play in a PBR framework. One commenter requested a performance metric focused on the integration of distributed energy as “distributed systems are a really tremendously efficient way for the system to work.” Tr., March 16, 2022, 19:21-20:19, 21:13-19. Other commenters expressed the need for increasing energy efficiency and the deployment of renewables. Tr. March 16, 2022, 24:15-25:24; Elaine Dove Corresp., Jan. 4, 2023. Several commenters also recognized PBR as an important tool to help ensure utility investments consider the benefits of clean energy and the reforms that are necessary to achieving Connecticut’s climate goals. See, e.g., Tr. March 16, 2022, 22:22-23:8, 40:16-41:13, 28:25-29:3; Tr., Dec. 19, 2022, 19:14-25, 24:24-25:9, 26:10-14, 28:13-19. Other commenters expressed support for PBR as a way in which to address concerns regarding the effects of climate change and greenhouse gas (GHG) emissions. See, e.g., Tr., March 16, 2022, 38:4-39:19; Amanda Ingrassia Corresp., Jan. 4, 2023; Elaine Dove Corresp., Jan. 4, 2023; Ted Luchsinger Corresp., Jan. 4, 2023; Michael S. Uhl Corresp., Jan. 10, 2023, pp. 11-13.

In addition, the Authority received comments regarding resilience and vegetation management. Specifically, several commenters recommended undergrounding wires as a way to improve resiliency and decrease the need for tree trimming.¹⁰ See, e.g., Tr. March 16, 2022, 39:6-10, 40:5-10, 45:1-46:22; Noris Christensen Corresp., March 3, 2022; Vincent Curcuru Corresp., March 3, 2022; Mary-Michelle U. Hirschhoff, Spokesperson on Trees and Power, The Garden Club of New Haven, Corresp., March 25, 2022; Elizabeth Hoply Corresp., March 27, 2022; Ann Messina, Executive Director, The Greenwich Tree Conservancy, Corresp., March 28, 2022; Mary Hogue, Chair, Fairfield Forestry Committee, Corresp., Dec. 16, 2022; Patricia C Vener-Saavedra Corresp., Jan. 3, 2023. One commenter recommended that the Authority require EDCs “to document their claims that their vegetation management program accomplishes their goals: to increase system resilience, maintain reliability and meet their public service obligations, all in a financially sound manner and that creates a resilient environment.” Members of Hamden Alliance for Trees Corresp. Feb. 6, 2023, p. 2.

Lastly, the Authority received comments regarding metric and standard design in the PBR framework. Two commenters recommended designing carefully refined metrics to ensure utilities cannot manipulate the results. Tr., March 16, 2022, 50:2-24; Tr., Dec. 19, 2022, 24:10-23. Another commenter recommended designing metrics that appropriately motivate and challenge the utilities to “stretch” beyond what they are currently doing. Tr., March 16, 2022, 64:2-15.

¹⁰ As mentioned at the March 16, 2022 Public Listening Session, PURA is considering undergrounding wires and other metrics in Docket No. 17-12-03RE08, which is one of the EMG Framework investigations. Tr., March 16, 2022, 47:4-12.

II. STANDARD OF REVIEW

Under the Take Back Our Grid Act, codified at Conn. Gen. Stat. § 16-244aa, the Authority is required “to investigate, develop and adopt a framework for implementing [PBR].” Conn. Gen. Stat. § 16-244aa(b). The PBR framework shall:

- (1) Establish standards and metrics for measuring such [EDC’s] performance of objectives that are in the interest of ratepayers or benefit the public, which may include, but not be not limited to, safety, reliability, emergency response, cost efficiency, affordability, equity, customer satisfaction, municipal engagement, resilience and advancing the state’s environmental and policy goals . . . ;
- (2) identify the manner, including the timeframe and extent, in which such standards and metrics shall be used to apply the principles and guidelines set forth in [Conn. Gen. Stat. §] 16-19e and to determine the relative adequacy of the company’s service and the reasonableness and adequacy of rates proposed and considered pursuant to [Conn. Gen. Stat. §] 16-19a; and
- (3) identify specific mechanisms to be implemented to align utility performance with the standards and metrics adopted pursuant to this section and [Conn. Gen. Stat. § 16-19a(b)], including, but not limited to, reviewing the effectiveness of the [EDC’s] revenue decoupling mechanism.

Id. Under Conn. Gen. Stat. § 16-19e(a), the Authority examines and regulates public service companies in accordance with enumerated principles, including, among others:

- (1) That there is a clear public need for the service being proposed or provided . . . ; (3) [the EDCs] perform all of their respective public responsibilities with economy, efficiency and care for public safety . . . ; (4) that the level and structure of rates be sufficient, but no more than sufficient, to allow public service companies to cover their operating costs including, but not limited to, appropriate staffing levels, and capital costs, to attract needed capital and to maintain their financial integrity, and yet provide appropriate protection to the relevant public interests, both existing and foreseeable . . . ; [and] (5) that the level and structure of rates charged customers shall reflect prudent and efficient management of the franchise operation;”

Consequently, in establishing a PBR Framework, the Authority must satisfy the three criteria under Conn. Gen. Stat. § 16-244aa(b) while abiding by the principles in Conn. Gen. Stat. § 16-19e(a).

III. AUTHORITY ANALYSIS

A. GOALS, FOUNDATIONAL CONSIDERATIONS, AND OUTCOMES

Throughout Phase 1, Authority staff developed overarching regulatory goals, along with corresponding priority public outcomes and a set of foundational considerations to guide the development of a comprehensive PBR framework. Authority Staff was aided in

this effort by significant contributions from Participants and stakeholders, much of which is detailed in the respective Staff Concept Papers and Straw Proposal,¹¹ as well as referenced further in the corresponding subsections below.

This section discusses the final regulatory goals, foundational considerations, and priority public outcomes adopted by the Authority, including what they are and how PURA arrived at them. Ultimately, these goals, considerations, and outcomes are rooted in and have broad applicability to all utility regulatory matters and, as such, will guide current and future utility regulation in Connecticut.

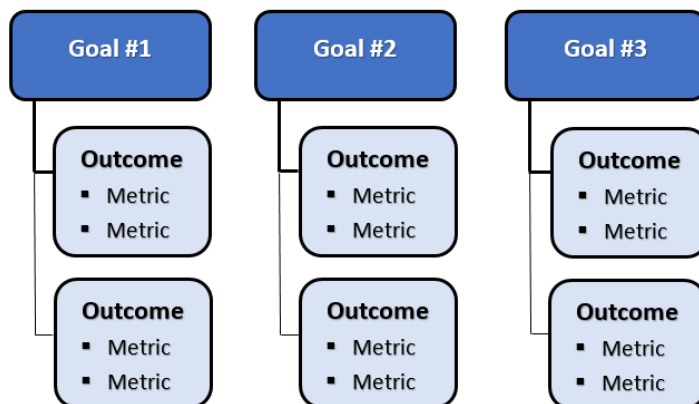
The Authority designed the regulatory goals, foundational considerations, and priority public outcomes, detailed in this section, with the interest of ratepayers and benefits to the public in mind, as required by Conn. Gen. Stat. § 16-244aa(b)(1). The Authority will establish standards and metrics for measuring the EDCs' achievement of such goals and outcomes in accordance with the goals-outcomes-metrics hierarchy described below and Conn. Gen. Stat. § 16-244aa(b)(1) in Phase 2 of this investigation.

Goals-Outcomes-Metrics Hierarchy

The goals-outcomes-metrics hierarchy shown in Figure 1 describes the relationship among these three essential aspects of the PBR framework. In the goals-outcomes-metrics hierarchy, goals represent the highest-level objectives for utility regulation and ratemaking, while outcomes are a more specific set of factors that derive from or are closely related to utilities' operations and business decisions. As illustrated in Figure 1, metrics are the most specific and fundamental indicators of progress toward outcomes, and ultimately, goals.

¹¹ The Authority encourages Participants and stakeholders to review the relevant discussions of the regulatory goals, foundational considerations, and priority public outcomes, and associated Participant and stakeholder comments, found in the Staff Concept Papers and Straw Proposal. Participants and stakeholders can find relevant discussions on the regulatory goals, and associated comments, in Section 3.1 of Staff Concept Paper 2, pp. 7-19; Section 3 of Staff Concept Paper 3, pp. 7-24; and Section 3.2 of the Straw Proposal, pp. 23-25. Participants and stakeholders can find relevant discussions on the foundational considerations, and associated comments, in Section 3.2.1. of Staff Concept Paper 2, pp. 10-15; Section 3 of Staff Concept Paper 3, pp. 11-34, 60; and Section 3.3 of the Straw Proposal, pp. 25-27. Finally, Participants and stakeholders can find relevant discussions on priority public outcomes, and associated comments, in Section 3.5 of Staff Concept Paper 2, pp. 24-40; Section 3 of Staff Concept Paper 3, pp. 7-24; and Section 3.4 of the Straw Proposal, pp. 27-36.

Figure 1: Goals-Outcomes-Metrics Hierarchy



1. Regulatory Goals

The final four regulatory goals are outlined and described in Tables 1.a and 1.b below. These four goals are the foundation for the PBR framework. Notably, the Authority revised the wording of the four regulatory goals identified in the Straw Proposal, without changing the substance of the goals, to articulate each goal as a desired end-state rather than as an action. These changes enable the regulatory goals established herein to be applied to all electric sector matters. Table 1.a below shows the goal revisions, while the revised goals and definitions – which have not been materially altered from the Straw Proposal – are shown in Table 1.b.

Table 1.a: Goal Revisions

Goals (Straw Proposal)	Goals (Revised)
Enhance EDC Performance	Excellent Operational Performance
Advance Public Policy	Public Policy Achievement
Improve Customer Empowerment and Satisfaction	Customer Empowerment and Satisfaction
Ensure Reasonable, Equitable, and Affordable Rates	Reasonable, Equitable, and Affordable Rates

Table 1.b: Goals (Revised) and Definitions

Goals	Definitions
Excellent Operational Performance	Achieve the highest standards for EDC performance in terms of efficiency, reliability, resiliency, and supply.
Public Policy Achievement	Meet state-level GHG emissions, decarbonization and DER deployment targets and enhance environmental protection and equity measures.
Customer Empowerment and Satisfaction	Beyond traditional customer satisfaction metrics, empower EDC customers to take greater control of their energy services (e.g., deploying DERs and other grid-edge technologies, reducing their carbon footprint, etc.) and expenditures (e.g., lowering their monthly utility bill).
Reasonable, Equitable, and Affordable Rates	Ensure customers across all socioeconomic classes receive reasonable rates and equitable access to the same products and services.

The Authority developed the regulatory goals in consideration of legacy regulatory goals, the EMG objectives, and through a process that invited robust Participant and stakeholder input and evaluation. The legacy goals of safe, reliable, and affordable service remain critically important to the state's regulatory framework and are reflected in the adopted regulatory goals and foundational considerations. The Authority also developed the adopted regulatory goals and foundational considerations to capture the four objectives of the EMG Framework to ensure harmony between grid modernization efforts and the Authority's PBR investigation. Though the Authority sought to harmonize legacy regulatory goals and the EMG objectives within the PBR framework, there is potential for conflict between the four regulatory goals. For example, the achievement of public policy goals such as decarbonization may require additional costs that could strain the achievement of affordable rates in the short-term. Such tension between goals cannot be resolved through pursuit of perfect regulatory goal design; rather, realizing an appropriate balance of such potential conflicts is both the work of the Phase 2 proceedings and the ongoing work of providing, regulating, and advocating for just and reasonable public utility services. In other words, the apparent tension between the regulatory goals is an inherent aspect of utility regulation.

Participant and stakeholder input provided further refinement to the regulatory goals as they were developed. Specifically, through the Phase 1 process detailed in Section I.C., Conduct of Proceeding, Participants and stakeholders provided assessments of the regulatory goals and priority public outcomes that a PBR framework

in Connecticut would aim to achieve, as well as an evaluation of the goals and outcomes against the current regulatory framework. Overall, due consideration was given to Participant and stakeholder feedback on the proposed goals and priority public outcomes, and in general, comments were in support of the final set of goals and outcomes. For example, Acadia Center stated that the “goals and priority outcomes lay a strong foundation for a more detailed assessment of potential reforms to existing regulatory tools, as well as implementation of new mechanisms, that will occur during Phase 2.” Acadia Center Written Comments, Feb. 16, 2023, p. 1. Similarly, OCC stated that this Decision lays the groundwork for a comprehensive PBR framework, aligning with its own PBR objectives to (1) incentivize cost efficiency; (2) remove the throughput incentive; (3) equalize the incentives to deploy capex and opex; and (4) incentivize targeted outcomes. OCC Written Exceptions, Mar. 31, 2023, p. 1. The Authority appreciates and agrees with both Acadia Center and OCC that the goals and outcomes in this Decision lay a strong foundation for Phase 2. The Authority also agrees with OCC regarding the importance of the four pillars identified in their comments, which are subsumed in the regulatory goals, foundational considerations, and priority outcomes adopted in this Decision.

Accordingly, the Authority adopts the regulatory goals identified in Table 1.b above to guide not only the remainder of the PBR investigation, but future proceedings and regulation for the electric utilities moving forward.

2. Foundational Considerations

In the process of developing the four regulatory goals, the Authority established five foundational considerations that represent crucial issues inherent in all Authority deliberations and proceedings. These five foundational considerations, described in Table 2 below, are essential dimensions to the Authority’s approach to EDC regulation – no decision should be made without initial consideration for these first principles. As such, they are integral to the state’s regulatory framework, underpin the regulatory goals adopted in this Decision, and are fundamental to the Authority’s statutory functions and public policy objectives.

Table 2: Foundational Considerations

Foundational Considerations	Supporting Rationale
Safety	The provision of safe, adequate, and reliable service is a core tenet to the Authority’s regulation of the EDCs and is deeply embedded in state statutes and EDC operations.
Equity	Ensuring equity and equity justice in terms of rates, environmental protection, the provision of customer-facing programs, recognition justice, participatory justice, and distributional justice, and several other areas is imperative to effective utility regulation.

Foundational Considerations	Supporting Rationale
Economic Opportunity	An objective of the state’s EMG framework and a core tenet of the Authority’s role as regulator, economic opportunity should be an inherent result of several priority outcomes and a separate consideration, when appropriate.
Risk Distribution	Risk distribution highlights the importance of equitably balancing risk between EDCs and customers. A regulatory framework must achieve this balance to ensure EDCs operate in a manner in line with necessary outcomes for customers.
Transparency	In an environment of increased customer choice and empowerment, transparency for customers, regulators, and stakeholders is foundational to electric operations, now more so than ever.

The Authority refined the five foundational considerations through feedback from Participants and stakeholders, comments received in response to Written Comment Notices 1 and 2, and various Stakeholder Workshops. The majority of commentors supported the proposed foundational considerations with minor modifications.¹² Specifically, many Participants and stakeholders stressed the importance of highlighting, and considering, equity within *all* the goals and outcomes. CLF Written Comments, May 6, 2022, p. 4; STS Written Comments, May 6, 2022, p. 6; and Vote Solar Written Comments, May 6, 2022, p. 3. The Authority agrees, and therefore, to ensure equity is appropriately addressed, PURA has incorporated it as a foundational consideration.

In response to the Written Comments and Briefs Notice, STS recommended that the Authority consider establishing “energy justice” as a guide in developing a PBR framework and evaluating EDC performance under the PBR framework. STS Written Comments, Feb. 16, 2023, p. 2. STS continued by stating that energy justice includes the principles of recognition justice, participatory justice, and distributional justice; therefore, proposing that both the priority outcome of social equity and the general foundational element of equity be expressly aligned with these elements of energy justice. Id. The Authority agrees with the importance of energy justice and has represented the

¹² In written exceptions, CIEC stated it supports the Authority’s focus on affordability as a priority outcome but recommended that the Authority expand the foundational considerations to add Affordability as the sixth consideration. CIEC Written Exceptions, Mar. 31, 2023, pp. 11-13. As Reasonable, Equitable, and Affordable Rates is already established as a goal and goals and foundational considerations are complimentary to one another as well as coequal, the Authority declines to adopt this specific recommendation but acknowledges and agrees with the implication in CIEC’s comments that affordability should be at least coequal with the other considerations.

principles identified by STS in the supporting rationale for the Equity foundational consideration. Additionally, pending the results of the PBR Phase 2 investigation, these energy justice principles could be tracked through the Social Equity priority outcome.

Accordingly, the Authority adopts the foundational considerations, outlined in Table 2 above, to serve as core tenets of any regulatory decision to be made in future proceedings and Authority deliberations.

3. Priority Outcomes

The Authority formulated a set of prioritized public outcomes, with input and feedback from Participants and stakeholders, tied to the four goals enumerated above. These outcomes include critical areas that will benefit from further focus in Phase 2 and through the Authority's EMG Framework to fully achieve the goals and to deliver an equitable, clean, and resilient electricity system. The outcomes are intended to facilitate progress and measurable performance, while also being comprehensive and flexible. These outcomes will serve to better align regulation with the public interest moving forward.

Table 3: Priority Outcomes

Goals	Priority Outcomes
Excellent Operational Performance	1. Business Operations and Investment Efficiency 2. Comprehensive and Transparent System Planning 3. Distribution System Utilization 4. Reliable and Resilient Electric Service
Public Policy Achievement	5. Social Equity 6. GHG Reduction
Customer Empowerment and Satisfaction	7. Customer Empowerment 8. Quality Customer Service
Reasonable, Equitable, and Affordable Rates	9. Affordable Service

In Staff Concept Paper 1, the Authority introduced a set of 30 outcomes for Participant and stakeholder consideration. Subsequently, in Staff Concept Paper 2, the Authority outlined feedback received in response to Written Comment Notice 1, proposed a modified set of priority public outcomes, and provided a Regulatory Assessment

Template (Regulatory Assessment) as a tool to assess the existing regulatory mechanisms and programs with respect to the revised outcomes. As a result of the Regulatory Assessments and feedback submitted by Participants and stakeholders, the Authority further refined the priority outcomes to a set of nine by applying the following five factors:

1. Participant and stakeholder priorities: The Authority reviewed Participant and stakeholder comments in detail to ensure it gave due consideration to the many important perspectives voiced. Written comments regarding outcomes and the extent to which the existing regulatory framework incents those outcomes were thoughtful and extensive.
2. Alignment with the EMG objectives and other public policy principles: The Authority considered outcome alignment with the Authority's 11 topic areas within the EMG Framework and further considered outcomes in light of the 4 objectives of the EMG Framework. As these topic areas and objectives set clear priorities, reviewing the public outcomes contemplated in this proceeding in light of these pre-existing regulatory efforts is essential to harmonize PBR outcomes with the EMG Framework and related public policy priorities, such as GHG Reductions and Social Equity.
3. How well the proposed outcomes are supported by the existing regulatory framework: The Authority reviewed the Regulatory Assessments submitted by Participants and stakeholders to understand how well served the outcomes are under the existing regulatory framework. Participants and stakeholders indicated, with few exceptions, that the existing framework does not properly incent the priority public outcomes.¹³

¹³ Eversource asserts that 70% of the State's existing regulatory framework was scored "as either supportive or at least neutral in relation their priority outcomes," while further claiming there was no basis to characterize a "review of participant comments" as indicating consensus that priority outcomes are not served by the existing regulatory environment. Eversource Written Comments, Feb. 16, 2023, p. 9. While the Authority acknowledges that 70% of the scores were rated as "0" or "+", there are other variables to assess and weigh beyond the scoring rubric. For instance, Eversource categorizes a score of "0" as neutral, though the Regulatory Assessment defines that rating as "not impacting achievement of an outcome," indicating that a mechanism assigned a "0" does not support achievement of the outcome in question. In other words, a "0" indicates a lack of regulatory support for an outcome, not neutrality. Additionally, scoring alone does not capture the perspective of Participants and stakeholders. For example, while OCC assigned a mix of positive and neutral scores to the efficacy of the current framework in serving outcomes, OCC also stated that with rapid technological changes and public policy shifts, "Connecticut's regulatory framework is in need of updates" and that "there are specific shortcomings in the current regulatory framework." OCC Written Comments, Feb. 16, 2023, p. 4. Similarly, CLF, while scoring the overall existing framework for social equity as "+/0", provided that "existing policy mechanisms generally support social equity through GHG emissions reductions and attention to affordability, but could do more to incentivize programs that provide direct investment to underserved communities and encourage public participation in decision making." CLF Written Comments, Aug. 12, 2022, Att. C, p. 8. Furthermore, while DEEP's overall score for EDC Systems and Operations Efficiency regulatory assessment was "0", it states that achieving meaningful improvements in EDC systems and operations efficiency is likely to require changes in regulatory structure as the

4. Magnitude and timing of public benefits: The Authority considered the potential magnitude and timing of public benefits associated with the outcomes. For this factor, the Authority prioritized outcomes with either likely near-term benefits or more significant benefits that could be realized on an extended time horizon.
5. Feasibility of outcome success via alternative regulatory mechanisms: The Authority weighed the feasibility of outcome achievement via alternative regulatory mechanisms, considering whether the appropriate statutory authority and/or the regulatory mechanisms are available and are likely to realize the intended outcomes.

As discussed in Staff Concept Paper 3, the Authority utilized the five factors to assess and determine priority outcomes. These factors are expected to be useful for subsequent considerations and decisions as the PBR framework is further developed, established, operationalized, and reevaluated.

Overall, Participant and stakeholder feedback on the priority public outcomes were generally supportive of the final set of priority public outcomes. For example, STS supports the priority outcomes and provided that the framework offers an opportunity to increase the efficiency, productivity, and environmental performance of Connecticut's EDCs. STS Written Comments, Feb. 16, 2023, p. 1. Furthermore, similar to their support of the goals, Acadia Center noted how the priority outcomes lay a strong foundation, while Vote Solar stated that the priority outcomes provide orientation to understanding the needs of adopting a performance-based framework. Acadia Center Written Comments, Feb. 16, 2023, p. 1; Vote Solar Written Comments, Feb. 16, 2023, p. 1.

OCC recommended integrating the Investment Efficiency outcome with the proposed Efficient Business Operations outcome, as it "would ensure addressing capex bias is deemed a regulatory priority, as both stakeholders and Staff have signaled that it should be." OCC Written Comments, Feb. 16, 2023, p. 3. OCC also suggested that the Energy Efficiency and Conservation outcome be incorporated into GHG Reduction outcome, due to the cost-effective energy conservation programs, demand management, and market transformation initiatives outlined in the Conservation and Load Management (C&LM) Plan. Id., p. 4. The Authority finds that while Investment Efficiency, Energy Efficiency, and Conservation support the identified proposed outcomes, Efficient Business Operations and GHG Reduction are broadly defined, encompassing such supporting aspects as Investment Efficiency and Energy Efficiency and Conservation, respectively. These supporting aspects could warrant consideration for reported metrics or other regulatory mechanisms in Phase 2. Moreover, with respect to Energy Efficiency and Conservation, the C&LM Plan and its related programs are outside of the Authority's

existing ratemaking framework does not appear to significantly incentivize efficiencies. DEEP Written Comments, Aug. 19, 2022, Att., p. 38. The Authority finds that these Participant and stakeholder comments merely highlight the overall consensus among the comments received. Similar comments, and corresponding scores, signifying that the current framework does not optimally serve ratepayers, can be found in response to Written Comment Notice 2.

jurisdiction and lack an appropriate channel for direct PURA oversight within a PBR framework. Accordingly, the Authority declines to make OCC's recommended changes to the GHG Reduction outcome at this time. However, for clarity of scope, the Authority modifies the proposed outcome of Efficient Business Operations to Business Operations and Investment Efficiency in this Decision to explicitly incorporate the topic of investment efficiency.

The final set of nine priority outcomes provides a solid basis on which to advance the investigation of a PBR framework in Phase 2.¹⁴ Moreover, progress against these nine outcomes will support the achievement of the regulatory goals. Progress towards the achievement of the regulatory goals and priority outcomes will be measured through metrics and achieved through the application of various regulatory mechanisms, both of which will be designed and implemented through Phase 2. Accordingly, the Authority adopts the nine priority outcomes outlined in Table 3 above, to guide, not only the remainder of the PBR investigation, but future proceedings and regulation for the EDCs.

B. PHASE 2 INVESTIGATION: TOPIC AREAS

1. Topic Areas Overview

As described in the Straw Proposal, the topic areas for investigation in Phase 2 are set forth based on the following categories of regulatory mechanisms: Revenue Adjustment Mechanisms, Performance Mechanisms, and Other Regulatory Mechanisms. A brief description of each regulatory mechanism category can be found in Table 4 below.¹⁵

Table 4: Regulatory Mechanisms

Regulatory Mechanisms	Description
Revenue Adjustment Mechanisms	Regulatory tools designed around a utility's revenue requirement aimed at better aligning the utility's financial incentives with regulatory principles or a desired outcome.
Performance Mechanisms	Regulatory tools used to track, measure, and/or possibly incent EDC behavior through achievement of performance targets.
Other Regulatory Mechanisms	Additional mechanisms that do not qualify as revenue adjustment mechanisms or performance mechanisms.

The Authority has identified specific regulatory mechanisms for further investigation in Phase 2 within each topic area – Revenue Adjustment Mechanisms, Performance Mechanisms, and Other Regulatory Mechanisms. Table 5 below

¹⁴ The nine priority outcomes are defined in the Straw Proposal. Straw Proposal, pp. 30-36. The outcome of Efficient Business Operations in the Straw Proposal is retitled in this Decision to Business Operations and Investment Efficiency to clarify that investment efficiency is included within this outcome.

¹⁵ Further discussion and definition regarding each topic area can be found in Section 3.5.1 of the Straw Proposal, pp. 36-38, and Staff Concept Paper 3, pp. 28-29.

summarizes these mechanisms by investigation topic area and provides a preliminary mapping of the priority outcomes most likely to be served by each mechanism.¹⁶ The investigation descriptions included in Table 5 are directional and subject to change per scoping within each topic area of investigation and subsequent discovery processes, which will inform the nature of regulatory reforms considered for inclusion in the final PBR decisions for each topic area. The mapping of outcomes to mechanisms is also subject to change through the more detailed proceedings of Phase 2.

The subsequent section, Section III.C, Phase 2 Investigation: Procedural Approach, outlines how the Authority will conduct the Phase 2 investigations, including scoping considerations, Participant and stakeholder participation, timing considerations, and anticipated endpoints for each investigation.

Table 5: PBR Phase 2 Investigation Regulatory Mechanisms by Topic Area

Revenue Adjustment Mechanisms		
Regulatory Mechanism	Investigation Description	Likely Priority Outcomes Served
Multi-Year Rate Plan (MRP) and Indexed Revenue Cap	Consider a revised MRP design, including an appropriate control period, and an Externally-Indexed Revenue Cap approach that allows for interim adjustments pursuant to a revenue cap index formula.	<ul style="list-style-type: none"> • Business Operations and Investment Efficiency • Affordable Service
Earnings Sharing Mechanism (ESM)	Examine whether the existing ESM provides a fair and equitable sharing of earnings between the EDC and customers when earnings fall outside an Authority-approved range and is consistent with the implementation of any PIMs.	<ul style="list-style-type: none"> • Business Operations and Investment Efficiency • Affordable Service
Revenue Decoupling	Explore advanced uses of revenue decoupling that both true up revenues to an annual revenue target and protect customers' interests.	<ul style="list-style-type: none"> • Distribution System Utilization • Customer Empowerment • GHG Reduction
Capex / Opex Equalization	Explore development of approaches to equalize treatment of capital expenditures and operating expenditures.	<ul style="list-style-type: none"> • Business Operations and Investment Efficiency • Comprehensive and Transparent System Planning • Affordable Service

¹⁶ Table 5 has been adapted from the Straw Proposal. See Straw Proposal, pp. 44-46.

Performance Mechanisms		
Regulatory Mechanism	Investigation Description	Likely Priority Outcomes Served
Reported Metrics	Develop a portfolio of reported metrics to highlight activities under several priority outcomes.	<ul style="list-style-type: none"> • Affordable Service • Social Equity • Reliable and Resilient Electric Service • Comprehensive and Transparent System Planning
Scorecards	Design and publish scorecards with targeted performance levels to track progress against several priority outcomes.	<ul style="list-style-type: none"> • Reliable and Resilient Electric Service • Business Operations and Investment Efficiency • Quality Customer Service • GHG Reduction
Performance Incentive Mechanisms (PIMs)	Implement a set of PIMs designed to help drive achievement of several priority outcomes.	<ul style="list-style-type: none"> • Reliable and Resilient Electric Service • Customer Empowerment • Distribution System Utilization

Other Regulatory Mechanisms		
Regulatory Mechanism	Investigation Description	Likely Priority Outcomes Served
Integrated Distribution System Planning (IDSP)	Establish a comprehensive, transparent, and stakeholder-informed IDSP process that is integrated with considerations regarding grid-edge technologies, DERs, electric vehicles (EVs), and other beneficial electrification initiatives. This effort could also explore the refinement of data-sharing mechanisms and standards.	<ul style="list-style-type: none"> • Comprehensive and Transparent System Planning • Distribution System Utilization • GHG Reduction¹⁷

2. Regulatory Mechanisms for Phase 2 Investigation

A brief description of each regulatory mechanism for investigation in Phase 2 is provided below.

a. Revenue Adjustment Mechanisms

i. Multi-Year Rate Plan and Indexed Revenue Cap

A MRP is a fixed control period of multiple years without a general rate case wherein an EDC's revenues are pre-determined. A MRP may be paired with an Attrition Relief Mechanism (ARM) that adjusts the revenue requirement according to a pre-determined formula decoupled from actual costs incurred. An ARM can be applied to either or both capital expenditures and operating expenses to create strong cost control incentives for both, and it can also be designed to no longer differentiate between these spending categories to enable the utility to substitute between them during the MRP. The benefits of MRPs can include lower administrative costs associated with rate cases and containment of EDC costs. Though MRPs have been in effect in Connecticut for some time for electric utilities, the Authority finds it necessary to reevaluate the MRP mechanism for opportunities to improve its effectiveness in serving the outcomes of Business Operations and Investment Efficiency, and Affordable Service.

ii. Earnings Sharing Mechanism

An ESM splits EDC earnings above reasonable pre-determined thresholds between customers and shareholders to ensure the EDC is not the lone beneficiary of surplus earnings. This mechanism can support the outcomes of Business Operations and Investment Efficiency, and Affordable Service. The current ESM, in effect in Connecticut, requires that realized earnings above approved levels in an EDC's most recent rate case are shared 50% with customers and 50% with shareholders. See Decision, April 18, 2018, Docket No. 17-10-46, Application of The Connecticut Light and Power Company d/b/a Eversource Energy to Amend its Rate Schedules, pp. 19-20;

¹⁷ In response to STS's Written Exceptions, the Authority has modified the priority outcomes served in Table 5 and mapped GHG Reduction to the IDSP mechanism. See STS Written Exceptions, Mar. 31, 2023, p. 2.

Decision, Dec. 14, 2016, Docket No. 16-06- 04, Application of The United Illuminating Company to Increase its Rates and Charges, pp. 88-89.

iii. Revenue Decoupling Mechanism

Revenue decoupling separates the amount of energy sold to customers from utility revenues. Connecticut's RDM ensures that Authority-approved target revenues are recovered from customers by the EDCs regardless of changes in energy sales volume, which mitigates any incentive for EDCs to increase the energy sales volume, called a "through put" incentive. See Conn. Gen. Stat. §16-19tt; see also Decision, Dec. 17, 2014, Docket No. 14-05-06, Application of The Connecticut Light and Power Company to Amend Rate Schedules, pp. 161-162; Decision, Aug. 14, 2013, Docket No. 13-01-19, Application of The United Illuminating Company to Increase Rates and Charges, pp. 146-147. The through put incentive that the RDM counteracts supports public policy goals such as GHG emissions reduction and expanding customer-sided DERs.

iv. Capex / Opex Equalization

The equalization of capex and opex encompasses various methods of mitigating the incentive for the EDC to select solutions that require capital expenditures over similar solutions that require only operating expenditures as the EDC earns a return on capital expenditures and does not earn a return on operating expenses. In short, Capex / Opex Equalization aims to put operating expenditures and other potential solutions on an equal footing with capital expenditures. Capex / Opex Equalization can support the outcomes of Business Operations and Investment Efficiency, Affordable Service, and Comprehensive and Transparent System Planning. The NWS Process recently established in Docket No. 17-12-03RE07 is an example of a method of Capex / Opex Equalization in effect in Connecticut. See Docket No. 17-12-03RE07 Decision, p. 1, App. A.

b. Performance Mechanisms

i. Reported Metrics

Reported metrics are standards of measurement used to track data about EDC performance against outcomes. In a PBR framework, the use of reported metrics brings transparency and clarity to EDC actions and activities related to outcome achievement. Reported metrics are used in Connecticut today to track myriad data, including resilience and reliability, the state's zero emissions goals, customer impacts, the Arrearage Forgiveness Program Plan, and the state's clean energy programs, among other topic areas. See, e.g., Docket No. 17-12-03RE08 Decision. While reported metrics are broadly applicable to outcomes, the Authority has identified the following priority outcomes as likely to be well served by reported metrics: Affordable Service; Social Equity; Reliable and Resilient Electric Service; and Comprehensive and Transparent System Planning, among others.

ii. Scorecards

Scorecards are characterized by a metric or set of metrics paired with a point of comparison, such as a baseline measurement, peer performance, a specific target, or other benchmark. The comparative nature of a scorecard provides additional clarity and focus for understanding EDC performance and the potential need for course correction. Though no scorecards are currently in effect under the state's regulatory framework, the Authority's Docket No. 17-12-03RE08 Decision requires the creation of Annual Reliability and Resilience scorecards, currently in development by the EDCs. See Docket No. 17-12-03RE08 Decision, p. 95. Scorecards can likely support the outcomes of Reliable and Resilient Electric Service, Business Operations and Investment Efficiency, Quality Customer Service, and GHG Reduction, among others.

iii. Performance Incentive Mechanisms

PIMs are metrics paired with a performance benchmark or target, and with a financial reward and/or penalty based on pre-determined thresholds. By tying performance to financial incentives and/or disincentives, PIMs can motivate EDC behavior to achieve certain performance targets. There are various PIMs currently in effect in Connecticut through the C&LM Plan, such as the Strategic Energy Management and the Small Business Energy Advantage metrics. In the context of the Authority's jurisdiction, PIMs can likely help achieve the priority outcomes of Reliable and Resilient Electric Service, Customer Empowerment, and Distribution System Utilization, among others.

iv. Integrated Distribution System Planning

IDSP is a growing industry planning standard to anticipate and accommodate the proliferation of DERs and grid-edge technologies on the distribution system. While a formal IDSP process and reporting mechanism are not currently in place in Connecticut, several features of such planning are already in-place. Establishing an IDSP process and reporting requirement for the EDCs can support the priority outcomes of Business Operations and Investment Efficiency, Distribution System Utilization, and Comprehensive and Transparent System Planning.

For the EDCs to demonstrate exemplary performance against these outcomes, the companies will need to enhance existing grid functions and develop new capabilities to optimize a high-DER distribution network. As described in Staff Concept Paper 3, though traditional core utility functions remain critical, EDCs must increasingly foster transactions and connections between producers and consumers of energy services. See Staff Concept Paper 3, pp. 55-58. The EDC role as facilitator and administrator of energy efficiency and clean energy programs is an example of this type of transformation already underway. Ultimately, further utility evolution toward a platform for exchange and services is likely required to ensure that the EDCs meet their statutory obligations and the priority outcomes outlined herein. The topics for investigation in the IDSP proceeding will provide an environment in which to further explore how EDC operations and business models will continue to evolve as a network platform in an increasingly distributed energy system.

Such changes will very likely enable the EDCs to thrive financially and improve public perception, regardless of the future regulatory paradigm.

3. Phase 2 Investigation Selection and Modifications

In the subsections below, the Authority provides an overview of how the mechanisms identified above were selected for the Phase 2 investigation authorized in this Decision. Section 4.2 of the Straw Proposal provides additional information regarding the Phase 2 investigation, including supportive rationale. See Straw Proposal, pp. 44-69. Herein, the Authority adopts, with the modifications detailed below, the Phase 2 approach recommendation and justification provided by Authority Staff in the Straw Proposal.

a. Serving Priority Outcomes and Meeting the Five Factors

The Authority selected the topic areas and regulatory mechanisms summarized in Table 5 in Section III.B.1, Introduction, for investigation in Phase 2 for their collective ability to support all nine of the priority outcomes – and by extension, the four regulatory goals – adopted in this Decision and for their conformity with the five factors described in Section III.A.3, Priority Outcomes.¹⁸ In Phase 2, the investigations will review and affirm the relevant priority outcomes supporting each regulatory mechanism and the modifications or additions necessary to achieve such outcomes.

Regarding the five factors described in Section III.A.3, Priority Outcomes, the Phase 2 investigations meet the five factors as follows. First, the Phase 2 investigations reflect Participant and stakeholder priorities both in terms of the necessity of serving the nine priority outcomes and in terms of support expressed in written comments, which are outlined in Section III.B.4, Phase 2 investigation and Stakeholder Comments, below and in further detail in the Straw Proposal. See Straw Proposal, pp. 27-29. Second, the Phase 2 investigations are complementary to the EMG objectives by filling outcome and regulatory mechanism gaps not previously accounted-for and by supporting other public policy principles such as advancing social equity. Third, the process of evaluating the topic areas and regulatory mechanisms identified for the Phase 2 investigations is expressly designed to result in a regulatory framework that better supports the nine priority outcomes. Further, as discussed below, the Authority considered alignment with the existing regulatory framework in both selecting mechanisms and scoping their investigation in Phase 2. Fourth, the Phase 2 investigations prioritize both near-term public benefits, such as greater transparency on outcome progress through reported metrics and scorecards, and high-value, mid-term public benefits, such as cost control through the re-evaluation of MRP structures and additional accountability through the implementation of PIMs. Fifth and finally, the Phase 2 investigations identify regulatory mechanisms for review, alteration, and possible addition within PURA's existing statutory authority as described in Section I, Introduction, and Section II, Standard of Review, above.

¹⁸ The five factors are: (1) Participant and stakeholder priorities, (2) alignment with the EMG objectives and other public policy principles, (3) how well the priority outcomes are supported by the existing regulatory framework, (4) magnitude and timing of public benefits, and (5) feasibility of outcome success via alternative regulatory mechanisms.

b. Complementing Legacy Regulation and EMG

As part of its application of the five factors, the Authority considered the existing regulatory landscape. As discussed in Section I.B, Background of the Proceeding, the legacy regulatory structure has not fully kept pace with recent public policy evolution, technology advancements, climate change impacts, and customer expectations. Though the EMG Framework has evolved the legacy regulatory model in Connecticut, and PBR will further reform regulation in the state, the Authority views PBR as additive to these existing regulatory structures.¹⁹ Specifically, the investigations and resulting decisions in Phase 2 are intended to build upon the existing COS regulatory model and will be further investigated through the reopener proceedings. It is not the Authority's intent to eliminate COS from its regulatory framework. Instead, PBR offers an opportunity to complement COS by adding further transparency and accountability for the regulatory goals, foundational considerations, and priority public outcomes adopted in this Decision. The Authority views both phases of this PBR investigation as the next essential steps to align the existing regulatory structure, EMG advancements, and proposed PBR additions or modifications to all parts of the state's regulatory framework under a modern, comprehensive regulatory regime.

c. Modifications from the Straw Proposal

The Phase 2 investigation summarized in Table 5 in Section III.B.2.a, Revenue Adjustment Mechanisms, supra, and further described in Section III.B.2, Regulatory Mechanisms for phase 2 Investigation, infra, has been adapted from the Straw Proposal with two notable modifications to the "Other Regulatory Mechanisms" category. Previously, this category included two additional regulatory mechanisms, Capex / Opex Equalization and the EMG Framework and Programs. These two regulatory mechanisms remain important to the Phase 2 PBR proceeding; however, each will be addressed in a separate context, as described below.

Capex / Opex Equalization is intended to balance the treatment of capital expenditures and operating expenditures to mitigate a potential bias toward capital expenditures. Given that Capex / Opex Equalization deals with, in part, the recovery of revenues after EDC capital or operating expenditures are incurred, this regulatory mechanism is suitable for inclusion in the Revenue Adjustment Mechanisms topic area. Additionally, the regulatory mechanisms to be further investigated in the Revenue Adjustment Mechanism topic area will influence how capital expenditures and operating expenditures are balanced, therefore determining the extent to which Capex / Opex Equalization is needed. For these reasons, the Authority has grouped Capex / Opex Equalization within the Revenue Adjustment Mechanism topic area.

¹⁹ CIEC generally supports this approach, but recommends that the Authority evaluate how to integrate PBR and the COS-based regulatory structure early in Phase 2 so that the rate impacts of such integration is understood by Participants and stakeholders. CIEC Written Exceptions, Mar. 31, 2023, pp. 6-7. The Authority agrees that such clarity is necessary and intends for the Phase 2 investigations to be comprehensive, which necessitates consideration of rate impacts in addition to other financial and public policy implications.

The EMG Framework and its programs are not collectively a standalone regulatory mechanism. Instead, this portfolio of dockets and objectives cuts across various existing regulatory mechanisms. For example, cost recovery from EMG programs such as the Energy Storage Solutions and Innovative Energy Solutions Programs established by the Decisions in Docket Nos. 17-12-03RE03 and 17-12-03RE05, respectively, occurs through the EDCs' annual Rate Adjustment Mechanism (RAM) dockets,²⁰ which operate as Revenue Adjustment Mechanisms. Meanwhile, the low-income customer metrics and the reliability and resilience scorecards set forth in EMG Docket Nos. 17-12-03RE11 and 17-12-03RE08 require consideration in the Phase 2 topic area of Performance Mechanisms. Accordingly, rather than treat the EMG Framework and its related programs and proceedings as a separate regulatory mechanism to be reviewed, consideration for each facet of the EMG Framework must be given throughout every aspect of the PBR Phase 2 investigation. Given these changes, the third Phase 2 investigation topic area will focus solely on Integrated Distribution System Planning.

4. Phase 2 Investigation and Stakeholder Comments

In the subsections below, the Authority briefly describes the substantive scope of the investigation into each mechanism planned for Phase 2, as well as select Participant and stakeholder comments. Section 4.2 of the Straw Proposal provides additional discussion of relevant Participant and stakeholder comments. See Straw Proposal, pp. 44-69.

a. Multi-Year Rate Plan with an Indexed Revenue Cap

In Phase 2, the Authority will consider modifications and additions to the current MRP structure, including, but not limited to, a control period of three to five years and use of a target revenue structure with an externally-indexed ARM. OCC provided support for further MRP exploration, while CIEC recommends MRPs be a part of the granular analysis when progressing into Phase 2. OCC Written Comments, Feb. 16, 2023, p. 6; CIEC Written Comments, Feb. 16, 2023, p. 10. Furthermore, CLF and STS support the use of, and further investigation into, MRPs to enable comprehensive long-run investment planning. CLF Written Comments, Nov. 23, 2022, p. 3; STS Written Comments, Nov. 23, 2022, p. 2.

In written exceptions, CIEC asserts that the "limited discussions of ARMs in the Concept Papers and Straw Proposal do not provide a rational basis" for the Authority to select an ARM as a mechanism. CIEC Written Exceptions, Mar. 31, 2023, pp. 8-9. As stated throughout the Straw Proposal and this Decision, the Authority intends to further investigate each mechanism in Phase 2, including ARMs, and the role they may play as a potential mechanism for greater cost control. Additionally, consideration of an index-driven ARM will include the mechanism's ability to support cost control by de-linking rates from the utility's actual underlying costs and by encouraging careful management of capex and opex to stay within the indexed annual revenue cap.

²⁰ For 2023, the RAM dockets are Docket Nos. 23-01-03, PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company, and 23-01-04, PURA Annual Review of the Rate Adjustment Mechanisms of The United Illuminating Company.

b. Earnings Sharing Mechanism

In Phase 2, the Authority will consider the structure of the ESM in concert with potential MRP and revenue decoupling mechanism enhancements such that these Revenue Adjustment Mechanisms collectively work together to achieve priority outcomes. Potential changes to the ESM include, but are not limited to, a review of the over-earnings threshold and proportional sharing between customers and shareholders, and a review of ESM design elements used in other jurisdictions. OCC shared the importance of the ESM in the PBR framework by stating that the structure of the ESM is important for achieving the Business Operations and Investment Efficiency and Affordable Service priority outcomes. OCC Written Comments, Nov. 23, 2022, p. 13. Eversource, while agreeing with the Authority's intended reevaluation of the ESM, also noted the importance of a carefully designed ESM in a PBR framework to ensure customers and shareholders share in the rewards of PBR. Eversource Written Comments, Feb. 16, 2023, Att., p. 19.

c. Revenue Decoupling Mechanism

In Phase 2, the Authority will explore potential refinements to the revenue decoupling methodology and categories of revenue subject to decoupling in concert with potential MRP and RDM enhancements such that these Revenue Adjustment Mechanisms collectively work together to achieve priority outcomes. UI notes that regulatory mechanisms, such as the RDM, currently work in the existing framework and should continue to work alongside any new PBR mechanisms later implemented. UI Written Comments, Nov. 23, 2022, p. 13. Furthermore, while OCC does not propose any changes to the mechanism as they believe that the RDM will be an essential ingredient of the regulatory framework in years to come, OCC did offer some perspectives on the role decoupling could play in a future regulatory framework. OCC Written Comments, Nov. 23, 2022, pp. 14-15.

d. Capex / Opex Equalization

In Phase 2, the Authority will review various potential methods of Capex / Opex equalization discussed in the Straw Proposal.²¹ Capex / Opex equalization is interrelated with the enhancements under consideration for the Revenue Adjustment Mechanism topic area, and, thus, the Phase 2 investigation will consider whether additional equalization mechanisms may be necessary to mitigate the capex bias and achieve priority outcomes. OCC and Acadia Center provided full support to investigate this topic further in Phase 2, as PURA, Participants, and stakeholders have identified these topics as opportunities for reform. OCC Written Comments, Feb. 16, 2023, p. 9; Acadia Center Written Comments, Nov. 23, 2022, p. 1.

²¹ The Authority is open to exploring "Totex" ratemaking, which is a ratemaking methodology wherein a utility's capex and opex are combined into a single regulatory asset. While the Authority does not anticipate sufficient time to fully explore the topic or implement this form of ratemaking in Phase 2, PURA plans to explore the topic fully after the conclusion of Phase 2 and will discuss elements of Totex ratemaking as part of its discussions on Capex / Opex Equalization in Phase 2.

In written comments, Eversource cast doubt upon the validity of the capex bias, claiming the proposition to be “wholly unsubstantiated and misguided” and further not “supported by any evidence in the record for this proceeding, nor any other proceeding.” Eversource Written Comments, Feb. 16, 2023, pp. 12-14. However, the Authority, along with many Participants and stakeholders, agree there is an inherent incentive in COS regulation for EDCs to prefer capital investments over operating expenditures given the ability to earn a return on capital expenditures. For example, OCC offered strong support of further investigating capital bias and acknowledged that the state’s current regulatory paradigm encourages the EDCs to make unnecessary capital investments, driving up system costs (capex bias). OCC Written Comments, Feb. 16, 2023, p. 4; OCC Written Exceptions, Mar. 21, 2023, p. 3. Similarly, CIEC also supported the investigation into capex bias, noting that the Authority should examine all available cost containment mechanisms and investigate how other jurisdictions have worked within a cost-based regulatory framework to reduce the capital bias and contain utility capital costs. CIEC Written Comments, Feb. 16, 2023, p. 8. Additionally, STS stated that the “capital bias inherent in the traditional model likely leads to inefficient patterns of company investment,” while Vote Solar, similarly recognizing capex bias, ascertained that “the problem with capital bias is that a financial motivation for utility infrastructure could be at the expense of alternative options.” STS Written Comments, Feb. 16, 2023; Vote Solar Written Comments, Feb. 16, 2023, p. 3.

Moreover, any assertion that a capital bias does not exist is counterintuitive on several levels. First, both EDCs, as publicly traded companies, have a fiduciary duty to shareholders. If an EDC’s internal decision-making process and/or leadership did not select a capital solution that would allow for a return on that investment over an operations-based solution that has no return, all else being equal, the EDC would not be fulfilling its fiduciary obligation (i.e., shareholders will be better off if the EDC selects the capital solution). Second, a capital bias is simply the rational decision-making process from the EDC’s perspective under the current regulatory framework. Stated another way, a rational actor definitionally selects the option that provides it, the EDC, with the greatest net benefit. Again, all else being equal, the rational EDC actor should always select a capital solution over an operations-based solution, as it would be in the company’s own self-interest given that one provides a return and the other does not. If an EDC does not have a capital bias, then the EDC’s decision-making process is not rational, which raises concerns about the efficiency of its other expenses and the overall management and operations of the company. Lastly, asserting that a capital bias does not exist is paramount to claiming that financial incentives are irrelevant to EDCs; this would mean that EDCs are indifferent to the level at which their return on equity is set, which we know is not true.

In regard to Capex / Opex Equalization, OCC provided that while they support investigation into an ARM, they do not view this mechanism as an effective way to reduce capex bias, as “the fundamental root of capex bias does not stem from a utility’s inability to freely substitute capex for opex, but rather from the system permitting an earned profit that multiplies with the growth of rate base – which itself is driven by capex rather than opex.” OCC Written Exceptions, Mar. 31, 2023, p. 4. In terms of mitigating capex bias,

OCC also stated that that an ARM would have to address not only how capex and opex are escalated but also equalize the profit opportunity between them. Id. In turn, while OCC supports exploring how to include capex and opex in the indexed revenue-cap formula of the ARM, OCC views this as a strategy to incentivize cost efficiency in both capex and opex, rather than a strategy to equalize capex and opex incentives. Id.

As such, supported by overwhelming Participant and stakeholder support, the Authority will give due consideration to necessary discovery and analysis in Phase 2 to mitigate capex bias, while also giving further consideration to stakeholder recommendations in addressing capex bias through various mechanisms.

e. Reported Metrics

In Phase 2, the Authority will evaluate the existing set of metrics in use today, potential modifications and additions to such reported metrics, and potential modifications to the content, format, and reporting frequency of such metrics. The Phase 2 investigation of reported metrics, scorecards, and PIMs will necessarily address the data and filing requirements for reporting, as well as opportunities to consolidate compliance across various dockets. Acadia Center offered support for the principles of metric design outlined by the Authority, and further confirmed that metrics should be designed to support activities and outcomes that utilities would not pursue otherwise, while OCC defined metrics as important tools in the PBR toolkit. Acadia Center, Nov. 22, 2022, p. 1; OCC Written Comment, Nov. 23, 2022, p. 13. Moreover, CLF strongly supports the Authority's recommended utilization of reported metrics for a number of outcomes, such as GHG Reduction, Small Business Energy Advantage, Social Equity, and others. CLF Written Comments, Nov. 23, 2022, pp. 4-5.

f. Scorecards

In Phase 2, the Authority will consider which metrics are suitable to convert into scorecards to better serve priority outcomes through comparative data. Participants, such as Vote Solar, OCC, and Acadia Center, all support PURA utilizing scorecards in some form to track an EDC's progress and to highlight performance against specific outcomes. CIEC Written Comments, Feb. 16, 2023, p. 3; OCC Written Comments, Feb. 16, 2023, p. 9; Acadia Center Written Comments, Feb. 16, 2023, p. 1.

g. Performance Incentive Mechanisms

In Phase 2, an evaluation of PIM metrics, benchmarks, and financial rewards and penalties will ensure that PIMs complement the other Performance Mechanisms and are aligned with the Revenue Adjustment Mechanisms investigation. Participants and stakeholders have shown support for performance mechanisms, specifically with OCC stating that "performance mechanisms can be powerful tools to enhance visibility into EDC performance and improve incentives to enhance that performance in targeted areas, and that PURA should examine a range of uses for them in Phase 2 of this proceeding." OCC Written Comments, Feb. 16, 2023, p. 8. CLF, similarly, provided that utilizing performance mechanisms, like reported metrics, scorecards, and PIMs, to achieve reliable and resilient electric service makes sense, while Acadia Center further urges PURA to investigate various regulatory mechanisms including PIMs, as they "can play a

role in helping to meet the policy objectives of PBR.” CLF Written Comments Nov. 23, 2022, p. 2; Acadia Center Written Comments, Nov. 23, 2022, p. 1. Furthermore, DEEP, while supportive of metric design, recommended that the Authority consider building on the technical sessions that it has already held by performing more targeted outreach and engagement to ensure robust and inclusive input for informing the social equity discussion and other PBR metric development. DEEP Written Comments, Nov. 23, 2022, p. 7. The Authority, in Phase 2, intends to build on all current workshops and public engagement sessions held thus far, and will provide additional opportunities for direct stakeholder input and engagement, as discussed below in Section III.C, Phase 2 Investigation: Procedural Approach. Moreover, the Authority plans to ensure that the outcome of Social Equity is specifically discussed during the Performance Mechanisms investigation.

h. Integrated Distribution System Planning

In Phase 2, the Authority will review IDSP best practices, relevant and supporting EDC systems, including but not limited to internal planning, operations, and information technology systems, processes and operations that support IDSP, and existing elements of an IDSP process to determine a standard process and reporting mechanism for IDSP in Connecticut. OCC shared support of IDSP planning for Phase 2 and recommended considering avenues to implement modern IDSP to better support the efficient deployment of grid-edge technologies, electric vehicles, and other beneficial electrification technologies. OCC Written Comments, Feb. 16, 2023, pp. 13-14. In addition, the Acadia Center stated that an IDSP proceeding is essential for Connecticut to meet its climate and clean energy goals, while STS strongly supports OCC’s stance that PURA’s broader processes should integrate PBR with IDSP, the EMG Framework, and other components. Acadia Center Written Comments, Feb. 16, 2023, p. 2; STS Written Comments, Feb. 16, 2023, p. 6.

C. PHASE 2 INVESTIGATION: PROCEDURAL APPROACH

1. Procedural Overview

Phase 2 will consist of three reopener proceedings to design and implement the regulatory mechanisms discussed in Section III.B, Phase 2 Investigations: Topic Areas, and other solutions to advance a comprehensive PBR framework in Connecticut. These dockets will be separated by the following PBR elements: Revenue Adjustment Mechanisms; Performance Mechanisms; and Integrated Distribution System Planning.²² Each Phase 2 proceeding will be rooted in the regulatory goals, foundational considerations, and priority outcomes established in Phase 1 and will build on this Decision, as well as the discovery, findings, and work products of Phase 1. The Phase 2 proceedings will also require additional discovery, analysis, and deliberation, which will be aided by Participant and stakeholder input and proposals and will also include opportunities for written comment and the issuance of interrogatories as deemed necessary throughout the proceedings. The Authority intends to advance the PBR reopener dockets with all due speed without forsaking appropriate deliberation. To avoid

²² The IDSP reopener falls under the “Other Regulatory Mechanisms” topic areas outlined in Section III.B, Phase 2 Investigations: Topic Areas.

a docket process that stalls with extended timelines, the Authority will establish and manage an ambitious and achievable. The Authority provides a tentative timeline for each reopener in Appendices A through C of the Decision. The summary timelines are directional in nature with firmer details to be provided following initiation of each reopener proceeding.

While the timelines are flexible and docket completion dates tentative, the Authority aims for Spring 2024 completion for Docket Nos. 21-05-15RE01 and 21-05-15RE02. In written exceptions, OCC, DEEP, and CIEC stated that the reopener timelines are ambitious, and that the Authority should be flexible in extending the timelines to allow for sufficient opportunity to conduct thorough investigations. OCC Written Exceptions, Mar. 31, 2023, p. 7; DEEP Written Exceptions, Mar. 31, 2023, p. 1; CIEC Written Exceptions, Mar. 31, 2023, p. 5. While the Authority agrees that thorough investigations are necessary to ensure appropriate implementation of PBR, the directional Phase 2 proceeding timelines account for the imperative to complete Connecticut's key PBR proceedings in advance of the next set of EDC rate cases. The Authority expects that many PBR reforms of Docket Nos. 21-05-15RE01 and 21-05-15RE02 will be implemented through such rate cases, which are required to be conducted every four years. See Conn. Gen. Stat. § 16-19a(a).²³ If PBR proceedings and attendant reforms are not substantially complete before the next EDC rate cases, it would take substantially longer and potentially up to an additional four years before such reforms are implemented. Therefore, the Authority and docket Participants and stakeholders must work expeditiously and deliberately toward completion of the PBR Phase 2 proceedings to implement PBR reforms in a timely manner. The Authority will carefully monitor the thoroughness of the Phase 2 investigations and the potential timing of the next set of EDC rate cases and will adjust the timelines for Docket Nos. 21-05-15RE01 and 21-05-15RE02 accordingly as needed.

The Authority will prioritize the following in the Phase 2 reopener dockets: (1) significant Participant and stakeholder participation and engagement; (2) expeditious discovery, analysis, and deliberation; and (3) clearly stated, yet flexible, docket endpoints. Participants and stakeholders provided essential input on the framework developed in Phase 1 of the instant proceeding. Feedback voiced during Stakeholder Workshop 4 and in written comments submitted in response to the Straw Proposal demonstrated a clear consensus: the detailed investigations of Phase 2 necessitate more chances for all Participants and stakeholders to shape the direction of the state's PBR framework.²⁴ As such, the Authority will ensure ample opportunities for frequent and participatory

²³ The Authority is required, at intervals of not more than four years from a gas or electric company's last rate case, to, *inter alia*, conduct a complete review and investigation of the financial and operating records of the company. Conn. Gen. Stat. § 16-19a(a). The Authority may conduct a general rate case proceeding in accordance with Conn. Gen. Stat. § 16-19, in lieu of the periodic review and investigation proceedings. Conn. Gen. Stat. § 16-19a(b).

²⁴ See the Written Comments and Briefs Notice and the Stakeholder Workshop 4 recording for additional detail regarding Participant and stakeholder comments. The recording for Stakeholder Workshop 4 is available at: <https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/abcf6461b38efe258525894a003f3bfc?OpenDocument>.

Technical Meetings and intends to leverage Participant and stakeholder proposals and presentations to build the evidentiary record.²⁵

Finally, each Phase 2 PBR proceeding's endpoint will consist of a final Decision identifying the outcomes it serves, the details of the new regulatory mechanism(s) or the changes ordered to relevant existing regulatory mechanism(s), and relationships to existing dockets, with particular emphasis on the EMG Framework. The described endpoints may evolve over the course of a given docket's discovery process; however, any such changes will be made explicit. Preliminary descriptions of each reopener docket can be found in the sections below, including proposed considerations for scope, stakeholder engagement, timing, and end-products.

2. RE01: Revenue Adjustment Mechanisms

The first PBR reopener will investigate potential modifications and additions to Revenue Adjustment Mechanisms. The specific mechanisms to be evaluated in greater detail in this reopener docket, as described in Section III.B, Phase 2 Investigations: Topic Areas, are Multi-Year Rate Plans, Earnings Sharing Mechanisms, the Revenue Decoupling Mechanism, and potential Capex / Opex Equalization Measures. As the MRP is the primary mechanism governing EDC cost recovery through base rates, it will be the main focus of this investigation. By necessity, the ESM, RDM, ARM, and Capex / Opex Equalization will also be reviewed as mechanisms related to the MRP; however, such review may or may not result in reforms during Phase 2 if none are deemed necessary to advance priority outcomes. Moreover, the Authority plans to review, consider, and investigate the MRP, ESM, RDM, ARM, and Capex / Opex Equalization as a group of Revenue Adjustment Mechanisms in Phase 2 to account for the interrelationships and collective results of such mechanisms and proposed modifications.

The Authority anticipates that Participants and stakeholders will play a robust role in building and commenting on the evidentiary record in this reopener through several participation opportunities. Such opportunities will include: participating in more frequent Technical Meetings; participating in a "Solutions Day" Workshop to identify proposed regulatory modifications and additions; developing and submitting proposals; and responding to interrogatories and/or requests for written comment. The Authority anticipates initiating Docket No. 21-05-15RE01 in May of 2023 and working diligently with Participants and stakeholders toward tentative completion or substantial completion by May of 2024. This twelve-month timeline is ambitious and achievable. A preliminary proposed docket timeline is included in this Decision as Appendix A. The discovery, analysis, and deliberation of the Revenue Adjustment Mechanisms reopener will culminate in a final Decision to adopt rules and guidance to govern subsequent EDC rate

²⁵ In a letter in lieu of Written Exceptions, DEEP recommended that Phase 2 proceedings include input and insights from those most directly impacted by energy inequities. DEEP Written Exceptions, Mar. 31, 2023, p. 1. The Authority welcomes specific proposals on how to best engage communities most directly impacted by energy and social inequities. Such proposals can be considered as helpful strategies to supplement the public outreach conducted in Phase 1 of this proceeding, ensuring a PBR framework optimally aligned with priority outcomes and the public interest.

cases. Though this articulated endpoint may evolve over the course of the proceeding, any material changes will be communicated publicly through Docket No. 21-05-15RE01.

3. RE02: Performance Mechanisms

The second PBR reopener will investigate potential modifications and additions to Performance Mechanisms. The specific mechanisms to be evaluated in greater detail in this reopener docket, as described in Section III.B, Phase 2 Investigations: Topic Areas, are Reported Metrics, Scorecards, and PIMs. These elements of the state's regulatory structure provide transparency of information with respect to EDC performance and will help measure achievement of the regulatory goals and priority outcomes adopted in this Decision. The Authority intends to review this group of performance mechanisms as a portfolio to account for the interrelationships and collective results of such mechanisms and proposed modifications. The relationship between an EDC's revenues and profits and its performance and financial incentives requires that the substance of Docket Nos. 21-05-15RE01 and 21-05-15RE02 be developed with mutual consideration of each.

The Authority anticipates that Participants and stakeholders will have the opportunity to participate in this reopener docket through engagement opportunities such as: participating in working meetings with the Authority to identify existing reported metrics; participating in regular Technical Meetings; developing and submitting Performance Mechanism proposals, which may include PIM design principles; and responding to interrogatories and/or requests for written comment. The Authority anticipates initiating Docket No. 21-05-15RE02 in May of 2023 and working diligently with Participants and stakeholders toward tentative completion or substantial completion by May of 2024. A preliminary proposed docket timeline is included in this Decision as Appendix B. The discovery, analysis, and deliberation of the Performance Mechanisms reopener will culminate in a final Decision to align existing reported metrics within the PBR Framework and elsewhere and adopt new metrics effective immediately where necessary. Additionally, this reopener docket's final Decision will establish scorecards to be implemented as soon as practicable and PIMs to be implemented in the subsequent EDC rate cases. The final Decision in Docket No. 21-05-15RE02 will include the requisite detail for implementation, including but not limited to, metric and scorecard reporting frequency, the format and venue for reporting, targets and benchmarks in the case of scorecards, and impact on return on equity in the case of PIMs. Though this articulated endpoint may evolve over the course of the proceeding, any material changes will be communicated publicly through Docket No. 21-05-15RE02.

4. RE03: Integrated Distribution System Planning

The third and final PBR reopener will investigate establishment of an IDSP. Such planning among EDCs is a growing industry standard to anticipate and accommodate the proliferation of DERs and grid-edge technologies on the distribution system. This investigation is expected to encompass three key areas: (1) EDC systems and processes that support IDSP, including but not limited to internal planning, operations, and Information Technology systems; (2) operations and optimization of the grid; and (3) IDSP structure and process.

Given the interface between these topic areas and various other dockets, the Authority intends to take a holistic approach that considers elements of IDSP currently in effect in Connecticut. Various elements of IDSP currently exist in Connecticut, for example, EDC hosting capacity maps and the NWS Process recently established in Docket No. 17-12-03RE07. See, e.g., Docket No. 17-12-03RE07 Decision, p. 1, App. A. Additionally, the EDCs already conduct some version of load forecasting and assess grid needs to inform capital investments – both of which are core practices of IDSP. Given that several aspects of IDSP are currently in place, this proceeding will focus on documenting the existing components of IDSP, reviewing and evaluating the systems and processes that support IDSP, making components of IDSP more transparent and better connected where necessary, and establishing a public and transparent IDSP process and reporting standard(s).²⁶ Furthermore, the final Decision adopted in Docket No. 21-05-15RE03 will replace the IDSP requirements in the Equitable Modern Grid Decision.

This proceeding will require the engagement of all Participants and stakeholders to thoroughly vet any IDSP orders and guidance issued through this reopener docket. The Authority anticipates that Participants and stakeholders will be able to participate in this reopener docket through engagement opportunities such as: regular Technical Meetings organized around Participant and stakeholder presentations; developing and submitting IDSP proposals; and responding to interrogatories and/or requests for written comment. The Authority anticipates initiating Docket No. 21-05-15RE03 in May of 2023 and working diligently with Participants and stakeholders toward tentative completion or substantial completion by November 2024. A preliminary proposed docket timeline is included in this Decision as Appendix C. The discovery, analysis, and deliberation of the IDSP reopener will culminate in a final Decision to establish both the substance of, and process by which, the EDCs' IDSPs will be developed. Docket Nos. 21-05-15RE01 and 21-05-15RE02 will be the Authority's initial focus for Phase 2; as such, the timeline for Docket No. 21-05-15RE03 may be extended if necessary to meet the deadlines established in the other two PBR Phase 2 proceedings. Though this articulated endpoint may evolve over the course of the proceeding, any material changes will be communicated publicly through Docket No. 21-05-15RE03.

IV. CONCLUSION

The Phase 2 proceedings described in this Decision complement and supplement the EMG Framework to create a comprehensive regulatory strategy that can achieve all nine priority outcomes, and by extension, the four regulatory goals. Specifically, the EMG objectives outlined in Section I.B.2, Equitable Modern Grid Framework, directly overlap and support the overarching regulatory framework created by the adoption of the regulatory goals, foundational considerations, and priority outcomes herein. Accordingly, each EMG Framework docket, and all other dockets in the electric sector, can now be

²⁶ CIEC recommends that this proceeding also include consideration of EDC investments in local and bulk transmission systems that reasonably may be anticipated as necessary to support achievement of the state's clean energy objectives. CIEC Written Exceptions, Mar. 31, 2023, p. 17. The Authority agrees with CIEC in part; specifically, the Authority agrees that consideration for transmission system investments does not require a deep dive, but rather sufficient analysis of such investments to support cost estimates relevant to an IDSP should be explored in Docket No. 21-05-15RE03. *Id.*

identified to support specific goals, foundational considerations, and outcomes of PBR. Figures 2 and 3 provide a visualization of the relationship between the regulatory goals and priority outcomes, the EMG dockets, and other existing mechanisms. As with all of its work, the Authority will strive to balance competing and, at times, potentially conflicting objectives in Phase 2 in pursuit of the optimally achievable results for Connecticut ratepayers.²⁷

Organizing electric sector dockets under such a comprehensive regulatory strategy ensures that all regulatory activities are undertaken to achieve crucial goals and outcomes. Indeed, if separate goals and outcomes had been established for the Authority's PBR investigation, the identified mechanisms for implementation in Phase 2 may well have been disconnected from the realities of the existing regulatory framework and EMG Framework. Moreover, making explicit the state's regulatory strategy offers clarity to the EDCs, Participants and stakeholders, and the public, enhancing transparency and accountability, and better enabling a future review to modify the regulatory strategy as the industry evolves, technology advances, and public policy and customer concerns change.

The Authority anticipates that each priority outcome will be served by a combination of PBR regulatory mechanisms, EMG dockets and programs, and other mechanisms to ensure the highest likelihood of successful achievement. Appendix D provides a more detailed outcome-by-outcome summary of the regulatory supports anticipated to advance each priority outcome. Finally, the Authority recognizes the valuable contributions of Participants, stakeholders, and the public in advancing the PBR framework adopted in this Decision. Without the time, input, and expertise of these parties, such advancements in the state's regulatory reform would not be possible. The Authority encourages all Participants and stakeholders to continue participating in Phase 2 of this PBR proceeding as it is only with your engagement that effective regulatory reform can be designed and implemented through Phase 2 or, indeed, the promise of PBR realized.

²⁷ Section III.A.2., Regulatory Goals, includes additional discussion on harmonizing the regulatory goals adopted in this Decision.

Figure 2: Visual Map of PBR Goals and Outcomes Relationships with EMG

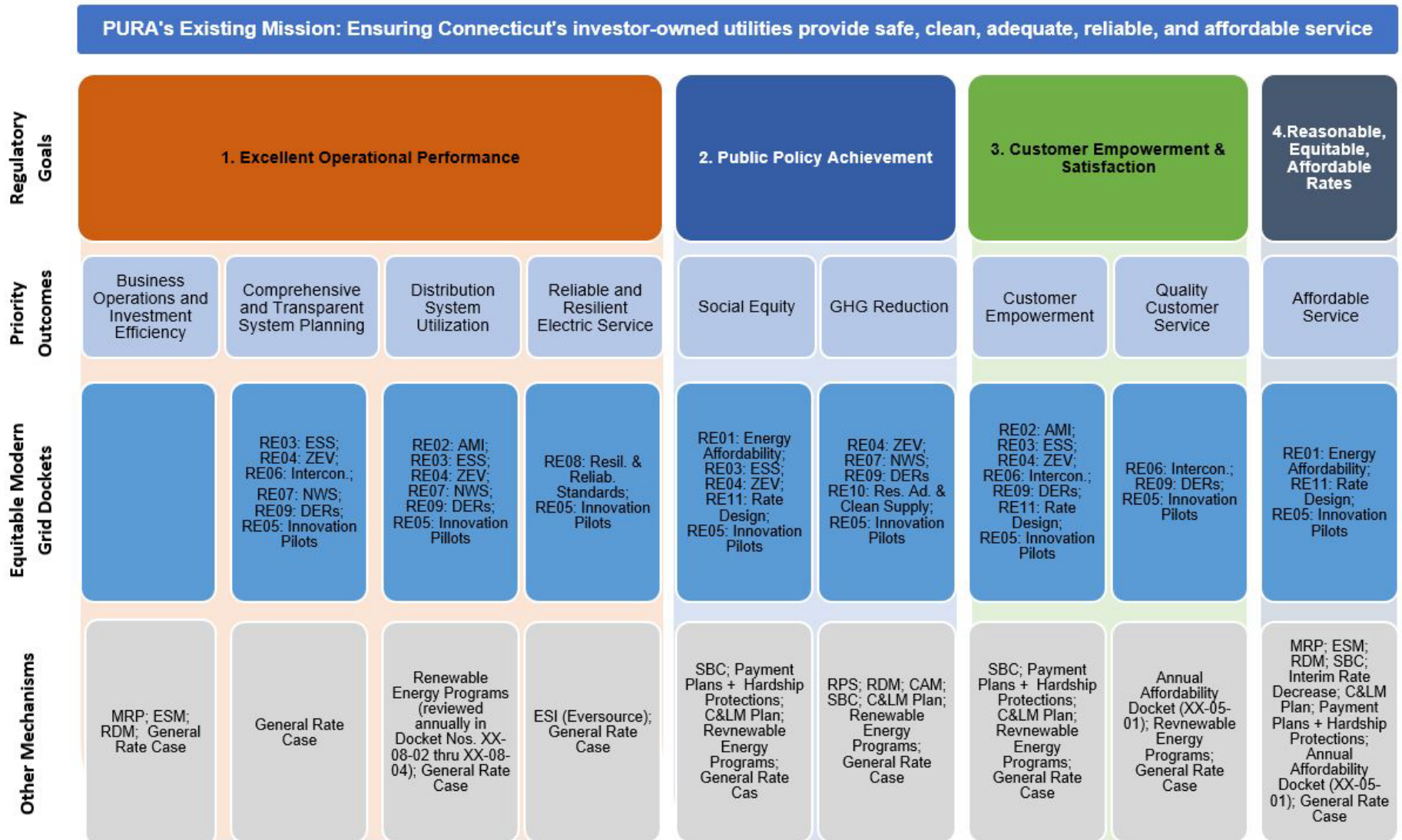
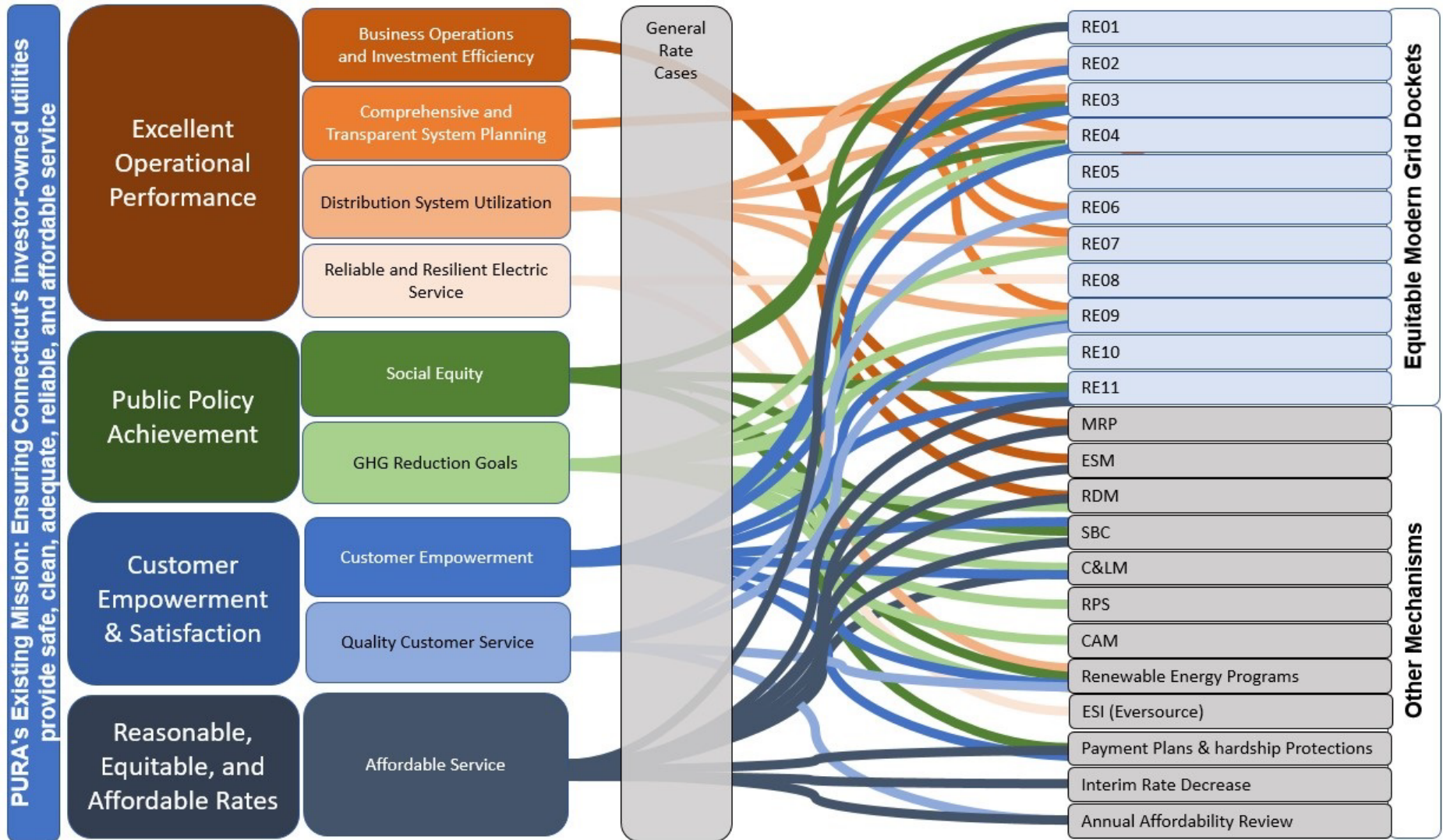


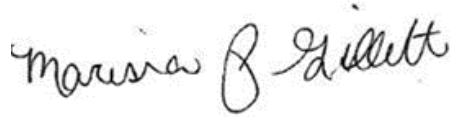
Figure 3: Sankey Diagram of PBR Goals and Outcomes Relationships with EMG



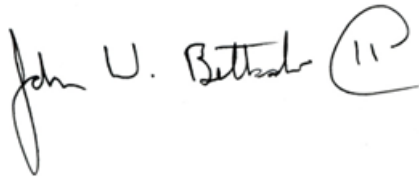
DOCKET NO. 21-05-15

PURA INVESTIGATION INTO A
PERFORMANCE-BASED REGULATION
FRAMEWORK FOR THE ELECTRIC
DISTRIBUTION COMPANIES

This Decision is adopted by the following Commissioners:



Marissa P. Gillett



John W. Betkoski, III



Michael A. Caron

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.



Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority

April 26, 2023

Date

V. APPENDICES

Appendix A: Phase 2 Revenue Adjustment Mechanisms Proceeding, Preliminary Timeline

ID	Milestone Title	Milestone Description	05/23	06/23	07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24
0	Initiate Docket														
1	Identify Priority Outcomes and Scope of Proceeding														
2	Document Existing Revenue Adjustment Mechanisms (RAM)	Analysis of current Revenue Adjustment Mechanisms framework and peer jurisdictions.													
2.a	Issue Staff Presentation: Current State of RAM and Peer Jurisdictions	Inform the public and Participants on analysis of current RAM framework and comparison of peer jurisdictions.													
2.b	Solutions Day Workshop	<ul style="list-style-type: none"> Staff and Participant Presentations on Current State and Peer Jurisdictions Solicit ideas and feedback from Participants for proposed modifications or additions to RAMs and peer jurisdiction comparison. 													
3	Determine Investigation Scope	Include additional Technical Meetings/Workshops as needed.													
4	Issue Final Investigation Scope	Identify the specific mechanism modifications and additions to be evaluated.													
5	Undertake Investigation Part 1														
5.a	Participant proposals due	Solicit proposals from Participants for modifications to the RAM framework.													
5.b	Participant proposal presentations (1 or 2 tech meetings)	Hold 1-2 workshops regarding Participants' presentations on submitted proposals.													
5.c	Issue interrogatories														
6	Issue Concept Paper or Straw Proposal	Outline Part 1 findings and remaining investigation for Part 2.													
7	Undertake Investigation Part 2	Additional Technical Meetings/Hearings and Participant feedback as needed.													
8	Issue Proposed Final Decision														
9	Adopt Final Decision	Final Decision will adopt a RAM framework, which will govern subsequent rate cases and other applicable proceedings.													

Appendix B: Phase 2 Performance Mechanisms Proceeding, Preliminary Timeline

ID	Milestone	Milestone Description	05/23	06/23	07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24
0	Initiate Docket														
1	Identify Outcomes														
2	Document Current State of Reported Metrics, Performance Incentive Mechanisms (PIMs), and Scorecards	Working Group meetings to document existing Reported Metrics, PIMs, and Scorecards.													
2.a	Issue Staff Presentation: Current State of Performance Metrics	Inform the public and Participants on analysis of current state of Reported Metrics, PIMs, and Scorecards.													
2.b	Working Group meetings to review and refine list of existing Performance Mechanisms														
3	Determine Investigation Scope	Solicit Participant feedback/analysis on Performance Mechanism scope, including PIM design principles.													
4	Issue Final Investigation Scope	Identify the specific mechanism modifications, design principles, and additions to be evaluated.													
5	Undertake Investigation Part 1														
5.a	Regular Tech Meeting Series	Review and refine Reported Metrics, Scorecards, and PIMs by Priority Outcome.													
5.b	Issue Interrogatories (as needed)	Solicit addition information and analysis.													
6	Issue Concept Paper or Straw Proposal: Proposed Set of Reported Metrics, PIMs, and Scorecards	Outline Part 1 findings and remaining investigation for Part 2													
7	Initiate Investigation Part 2	Additional Technical Meetings/Workshops and preliminary Participant feedback as needed.													
8	Issue Proposed Final Decision														
9	Adopt Final Decision	Final Decision will adopt metrics, scorecards, and PIMs as well as any corresponding orders effective in subsequent distribution rate cases or earlier.													

Appendix C: Phase 2 Integrated Distribution System Planning (IDSP) Proceeding, Preliminary Timeline

ID	Milestone	Milestone Description	05/23	06/23	07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24	06/24	07/24	08/24
0	Initiate Docket																	
1	Identify Outcomes																	
2	Issue Scoping Memo	Describe scope and timing of meetings and deliverables. Solicit Written Comments																
3	Tech Meeting	Review IDSP best practices; refine scoped meetings and deliverables as necessary																
4	Undertake Phase 1																	
4.a	EDC Technical Presentations	Investigation of existing IDSP procedures, processes, systems, and current state of Connecticut's EDCs and grid systems, operations, optimization, and interconnections.																
4.b	Issue Interrogatories																	
4.c	Issue Concept Paper: Document Existing CT IDSP Practices	Document and solicit feedback/analysis from Participants regarding Existing CT IDSP Practices.																
4.d	Request Written Comments																	
5	CT IDSP Solution Days	Solicit feedback and recommendations from Participants regarding solutions, synthesis of findings, and action plan for Phase 2.																
6	Issue Final Concept Paper:	Final analysis regarding Existing CT IDSP Practices, utility role in IDSP, DEEP actions, and ISO actions.																
7	Undertake Phase 2																	
8.a	Identify, Evaluate, and Implement Solutions	Phase 2 Workplan: Introduce updated proceeding timeline, propose a more narrowly defined DSP process, and develop a Participant engagement plan.																
8.b	Evaluate, Measure and Verify																	
9	Issue Proposed Final Decision																	
10	Adopt Final Decision	Final Decision will issue orders for both the contents of IDSP reports and the process by which the IDSP is developed.																

Appendix D: Summary of PBR, EMG, and Other Mechanisms Supporting Priority Outcomes

1. Business Operations and Investment Efficiency

- a. PBR Mechanisms: Multi-Year Rate Plan; Earnings Sharing Mechanism; Capex / Opex Equalization; Scorecards; Integrated Distribution System Planning
- b. EMG Dockets and Programs: N/A
- c. Other Mechanisms: N/A

2. Comprehensive and Transparent System Planning

- a. PBR Mechanisms: Capex / Opex Equalization; Reported Metrics; Integrated Distribution System Planning
- b. EMG Dockets and Programs: Docket No. 17-12-03RE03 (Energy Storage); Docket No. 17-12-03RE04 (Zero-Emissions Vehicles); Docket No. 17-12-03RE06 (Interconnection); Docket No. 17-12-03RE07 (Non-Wires Solutions); Docket No. 17-12-03RE09 (DERs)
- c. Other Mechanisms: N/A

3. Distribution System Utilization

- a. PBR Mechanisms: Revenue Decoupling Mechanism; Performance Incentive Mechanisms; Integrated Distribution System Planning
- b. EMG Dockets and Programs: Docket No. 17-12-03RE02 (Advanced Metering Infrastructure); Docket No. 17-12-03RE03 (Energy Storage); Docket No. 17-12-03RE04 (Zero-Emissions Vehicles); Docket No. 17-12-03RE06 (Interconnection); Docket No. 17-12-03RE07 (Non-Wires Solutions); Docket No. 17-12-03RE09 (DERs)
- c. Other Mechanisms: Renewable Energy Programs (reviewed annually in Docket Nos. XX-08-02 through XX-08-04)

4. Reliable and Resilient Electric Service

- a. PBR Mechanisms: Reported Metrics; Scorecards; Performance Incentive Mechanisms
- b. EMG Dockets and Programs: Docket No. 17-12-03RE08 (Resilience and Reliability Standards)
- c. Other Mechanisms: Electric System Improvements Tracker (Eversource Only)

5. Social Equity

- a. PBR Mechanisms: Reported Metrics
- b. EMG Dockets and Programs: Docket No. 17-12-03RE01 (Energy Affordability); Docket No. 17-12-03RE03 (Energy Storage); Docket No. 17-12-03RE04 (Zero-Emissions Vehicles); Docket No. 17-12-03RE11 (Rate Design)
- c. Other Mechanisms: Systems Benefit Charge; Payment Plans and Hardship Protections; Conservation and Load Management Plan; Renewable Energy Programs (reviewed annually in Docket Nos. XX-08-02 through XX-08-04)

6. GHG Reduction

- a. PBR Mechanisms: Revenue Decoupling Mechanism; Scorecards
- b. EMG Dockets and Programs: Docket No. 17-12-03RE04 (Zero-Emissions Vehicles); Docket No. 17-12-03RE07 (Non-Wires Solutions); Docket No. 17-12-03RE09 (DERs); Docket No. 17-12-03RE10 (Resource Adequacy and Clean Energy Supply)
- c. Other Mechanisms: Renewable Portfolio Standards; Conservation Adjustment Mechanism; Systems Benefit Charge; Conservation and Load Management Plan; Renewable Energy Programs (reviewed annually in Docket Nos. XX-08-02 through XX-08-04)

7. Customer Empowerment

- a. PBR Mechanisms: Revenue Decoupling Mechanism; Performance Incentive Mechanisms
- b. EMG Dockets and Programs: Docket No. 17-12-03RE02 (Advanced Metering Infrastructure); Docket No. 17-12-03RE03 (Energy Storage Solutions); Docket No. 17-12-03RE04 (Zero-Emissions Vehicles); Docket No. 17-12-03RE06 (Interconnection); Docket No. 17-12-03RE09 (DERs); Docket No. 17-12-03RE11 (Rate Design)
- c. Other Mechanisms: Systems Benefit Charge; Payment Plans and Hardship Protections; Conservation and Load Management Plan; Renewable Energy Programs (reviewed annually in Docket Nos. XX-08-02 through XX-08-04)

8. Quality Customer Service

- a. PBR Mechanisms: Scorecards
- b. EMG Dockets and Programs: Docket No. 17-12-03RE06 (Interconnection); Docket No. 17-12-03RE09 (DERs)
- c. Other Mechanisms: Annual Affordability Docket (XX-05-01); Renewable Energy Programs (reviewed annually in Docket Nos. XX-08-02 through XX-08-04)

9. Affordable Service

- a. PBR Mechanisms: Multi-Year Rate Plan; Earnings Sharing Mechanism; Capex / Opex Equalization; Reported Metrics
- b. EMG Dockets and Programs: Docket No. 17-12-03RE01 (Energy Affordability); Docket No. 17-12-03RE11 (Rate Design)
- c. Other Mechanisms: Systems Benefit Charge; Interim Rate Decrease; Conservation and Load Management Plan; Payment Plans and Hardship Protections; Annual Affordability Docket (XX-05-01)