



# SOLAR ENERGY PROGRAM

## COMMERCIAL SOLAR ELECTRIC APPLICATION AND AGREEMENT

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### INSTRUCTIONS

This is the application for commercial customers who want to install a solar electric system through the EarthWise Solar Energy Program. The incentive is \$2.25/watt-DC and is available up to a \$450,000 cap.

1. Carefully review the attached terms and conditions for the EarthWise Solar Energy Program.
  2. Review the sample form of the Distribution Interconnection Agreement. This Agreement will be sent to you for signature after we receive and approve your application and drawings.
  3. Once SRP has received and approved the completed application package, you will receive an Incentive Reservation Notification.
  4. SRP will review the Generating Facility design to ensure it meets our requirements, and you will receive an Interconnection Design Approval Notification.
  5. Have the Generating Facility installed by an Arizona licensed contractor, following all permitting and code requirements.
  6. Upon city inspection approval, if required, please contact SRP to schedule an interconnection test, site inspection and solar meter installation.
  7. For Generating Facilities 20 kW-DC and below SRP will process payment of the incentive after the Generating Facility passes the interconnection test and inspection.
  8. For Generating Facilities over 20 kW-DC SRP will begin a 30-day performance test after it passes the interconnection test and site inspection. The incentive will be adjusted based on the results of the 30-day test. SRP will return your copy of the executed Interconnection Agreement and process the payment of the incentive after acceptance of the 30-day test results.
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### SRP EARTHWISE SOLAR ENERGY PROGRAM TERMS AND CONDITIONS

This SRP EarthWise Solar Energy Agreement ("Agreement") is entered into by and between Customer ("Customer") and Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing pursuant to the laws of the State of Arizona ("SRP"), sometimes referred to individually as a "Party" and collectively as the "Parties". The Parties agree as follows:

#### GENERAL REQUIREMENTS

1. Customer is an SRP commercial customer and will install the solar electric system ("Generating Facility") in SRP service territory. For new construction the Builder is the Customer until sale of the property.
2. Generating Facilities installed before January 1, 2006 are not eligible.

3. Customer shall sign SRP's current form of the Distribution Interconnection Agreement and meet all SRP interconnection requirements (as set forth in SRP's Rules and Regulations, Electric Service Specifications, and Interconnection Guidelines for Distributed Generators) before interconnecting the Generating Facility.
4. Customer may elect to have a separate entity ("Third Party") design, install, own or operate the Generating Facility and satisfy some or all of the terms of this Agreement via separate contractual agreement with the Third Party.

## INSTALLATION AND EQUIPMENT REQUIREMENTS

5. Inverter(s) must meet UL1741 and IEEE 929 requirements and be installed per the manufacturer's instructions.
6. Customer must use a licensed contractor to install the Generating Facility. Eligible license classifications include: C-05, K-05, and L-05 for vendors and C-11, L-11, and K-11 for installers. To verify a contractor's license validity, please visit the Arizona Registrar of Contractors at [www.azroc.gov](http://www.azroc.gov). If the vendor subcontracts installation to another company, both the vendor and installer must be licensed. SRP shall not be held liable for any damages or other problems resulting from the Generating Facility or installation to the Generating Facility.
7. Generating Facility must be permitted and inspected as required by the AHJ. If the Authority Having Jurisdiction has elected to not require a permit or inspection for installation or modification to the Generating Facility then the customer and solar installer will have to sign a Certificate in Lieu of Clearance. It is a customer's responsibility to ensure that all facilities on the customer's side of the point of delivery for electric service are built and maintained in a safe operating condition. This responsibility includes ensuring that the customer's electrical facilities comply with all relevant construction codes and safety standards.
8. For Generating Facilities greater than 100 kW-AC: Customer shall install a Remote Disconnect Device that allows SRP Distribution Operations Center the ability to remotely disconnect the Generating Facility. For purposes of the Remote Disconnect Device, the kW-AC rating is determined based on the nameplate inverter AC power rating.

## INCENTIVE CALCULATIONS AND RESERVATIONS

9. An annual spending cap is set for the EarthWise Solar Energy Incentive payments. After this cap is reached, reservations will be taken for next year's funds.
10. SRP reserves the right to adjust the Incentive calculation method and spending cap for the next year. SRP wishes to maximize the number of customers who can participate and might reduce the payment per Generating Facility for the following year if the funds are quickly reserved for current year. This decision will be made before accepting reservations for future years' funds. The declining schedule through April 30, 2015 is as follows:
  - June 1, 2009 - April 30, 2010 - \$2.25/watt
  - May 1, 2010 - April 30, 2011 - \$2.10/watt
  - May 1, 2011 - April 30, 2012 - \$1.95/watt
  - May 1, 2012 - April 30, 2013 - \$1.80/watt
  - May 1, 2013 - April 30, 2014 - \$1.65/watt
  - May 1, 2014 - April 30, 2015 - \$1.50/watt
11. EarthWise Solar Energy funds will be reserved after a completed application and a customer signed quote, contract, or letter of intent is received and approved by SRP. The customer will have 90 days from the date the funds are reserved to submit a complete design drawing package to SRP. Customer has nine (9) months to install the Generating Facility and pass an AHJ clearance from the date the funds are reserved. After nine

- (9) months, Customer's reservation of funds expires. If unreserved funds are available, and Customer is still planning to install the Generating Facility, a new reservation will be made at the then current Incentive rate.
12. For new construction with planned installation beyond nine (9) months, Customer must estimate installation date. Funds will be reserved based on Incentive level at the estimated time of installation. Funds will be reserved for up to three (3) months past the estimated installation date.
  13. Customer must notify the SRP EarthWise Solar department in writing if they elect to cancel their reservation application.
  14. SRP will pay the Incentive to the Customer, up to a maximum of \$450,000 per Generating Facility. A larger Incentive may be allowed depending on available funding and approval by SRP. For customers with multiple SRP accounts, Generating Facilities installed on different locations are considered separate Generating Facilities. For the purposes of the SRP EarthWise Solar Incentive program, a location is considered an address or continuous campus of buildings. SRP will only pay one Incentive per location per SRP Fiscal Year (May 1 – April 30). Customer may apply for Incentives on different locations in the same Fiscal Year, or apply for an additional Incentive for an expanded Generating Facility on the same location in subsequent years with SRP approval and depending on available funding.
  15. For Generating Facilities up to 20kW-DC, SRP will pay the Incentive to the customer based on \$2.25 per Watt-DC of installed capacity, without adjustment for the expected energy generation.
  16. For Generating Facilities over 20kW-DC, SRP will pay the Incentive to the customer based on the expected energy production and a 30-day performance test using the process described below in terms 17-24.
  17. The Incentive of \$2.25 per Watt-DC is nominally equivalent to \$2.92 per Watt-AC for a Generating Facility with the "Optimal" performance as defined below. The California Energy Commission (CEC) standard solar electric equipment ratings, available at <http://gosolarcalifornia.org/equipment/pvmodule.php>, are used to determine the AC rating of the Generating Facility. Payment will be made after the Customer signs SRP's current form of the Distribution Interconnection Agreement, the Generating Facility passes a site inspection and completion of the 30-day performance test.

"Optimal" system design for full Incentive payout

Tilt Angle from Horizontal:	30 degrees
Orientation:	Due South
Shading:	None
Location:	Phoenix, AZ
DC to AC de-rate percentage:	77%
Annual Energy Production:	2,073 kWh per kW-AC

18. The Reserved Incentive is calculated as follows:

$$\text{Reserved Incentive} = \$2,922.08/\text{kW-AC} \times (\text{System Rating, kW-AC}) \times (\text{Design Factor})$$

$$\text{System AC Rating} = (\text{CEC Module PTC Rating}) \times (\text{CEC Inverter Efficiency}) \times 0.9$$

- a. Module and inverter ratings based on CEC ratings
- b. Other losses (wiring, string mismatch, etc.) are assumed at 10%

$$\text{Design Factor} = \text{Estimated Annual Energy} / \text{Optimal Annual Energy}$$

- a. Estimated Annual Energy calculated with Clean-Power Estimator software using the customer supplied orientation and shading for the Generating Facility
- b. Optimal Annual Energy = 2,073 kWh/kW-AC

19. SRP reserves the right to perform a site inspection once the construction is complete to verify the Generating Facility matches the customer supplied system design, including equipment, tilt angle, orientation and shading.

20. After the Generating Facility is interconnected, energy production will be monitored for thirty (30) days. The results of the 30-day Performance Test will be compared to expected energy production with Clean-Power Estimator software using satellite solar radiation data and actual ambient temperature readings for Phoenix, Arizona during the 30 day test.

21. The Final Incentive will be calculated as follows:

Final Incentive = (Reserved Incentive) x (Performance Factor)

Performance Factor = Actual kWh (30-day test) / Expected kWh (30-day test)

Note: Due to the unique performance characteristics of thin-film solar technologies, the 30-day Performance Test criteria are yet to be determined for thin-film Generating Facilities. Please contact SRP if you wish to use thin film solar panels.

22. If the Performance Factor is greater than or equal to 95% and less than or equal to 100% ( $95\% \leq PF \leq 100\%$ ), the Performance Factor will be set to 100% and the Final Incentive will be equal to the Reserved Incentive.

23. If the Performance Factor is greater than 100% or less than 95%, the Reserved Incentive will be adjusted by the actual Performance Factor.

24. Customer has ninety (90) days to accept the results of the Performance Test or request one (1) re-test of the Generating Facility.

## **OTHER TERMS AND CONDITIONS**

25. Customer agrees to let SRP monitor output of the Generating Facility to verify energy generation and for determination of the Final Incentive Payment.

26. Customer agrees to let SRP use data from the Generating Facility in research activities and to publish the data.

27. Customer may assign the Incentive to a Third Party by completing and signing the "Consent to Assign Incentive Payment to a Third Party" below.

28. SRP is not responsible for any tax liability imposed on Customer as a result of the payments under this program.

29. In exchange for the EarthWise Solar Energy Incentive SRP has reserved for and will pay to Customer after interconnection, Customer shall sell, transfer and deliver to SRP (using the form of Bill of Sale attached as Exhibit A) all Environmental Attributes and Environmental Attribute Reporting Rights, as such terms are defined below, associated with the generation of energy by the Generating Facility for a period of 25 years. If the Generating Facility is owned by a Third Party, Customer shall require Third Party to sell, transfer and deliver to SRP (using the form of Bill of Sale attached as Exhibit A) all Environmental Attributes and Environmental Attribute Reporting Rights associated with the generation of energy by the Generating Facility for a period of 25 years. This provision shall survive the termination of this Agreement and any subsequent sale(s) of the Generating Facility. "Environmental Attributes" shall mean any and all fuel, emissions, air quality, or other environmental characteristics, including green energy tags, renewable energy credits, or certificates attributable to the metered output generated by the Generating Facility during the operating life of the Generating Facility and in which Customer or Third Party operator has property rights or will have property rights upon such attributes coming into existence. "Environmental Attributes Reporting Rights" shall mean all rights to report ownership of the Environmental Attributes to any person or entity under Section 1605(b) of the Energy Policy Act of 1992, any successor or replacement statutes, or otherwise.

30. If the Generating Facility is removed or not maintained operational for a minimum of 10 years, then Customer shall reimburse SRP the Incentive for non-delivery of Environmental Attributes as defined above on a pro-rated basis. The pro-rating schedule is as follows: 100% Incentive reimbursement if non-operational during the first year of operation, 90% Incentive reimbursement in the second year of operation, and so on until 10% Incentive reimbursement in the tenth year of operation. Customer shall notify SRP in writing within 30 days if the Generating Facility is removed or will not be maintained operational. SRP, at its sole discretion, may elect to waive the reimbursement obligation if the Generating Facility is non-operational due to equipment malfunction not attributable to the Customer and the Customer is actively making good faith efforts to repair

the Generating Facility and return it to operation. In the event of sale of the property within the first 10 years of operation, the system shall be deemed non-operational unless the new Customer agrees to the terms and conditions of this Agreement.

- 31. Customer shall be responsible for the design, installation, construction, operation and maintenance of the Generating Facility in accordance with all manufacturers' requirements, all applicable codes and laws, and the requirements of all governmental agencies having jurisdiction. SRP does not warrant or guarantee the amount of energy, energy savings, or product reliability.
- 32. Customer shall provide SRP with its most recent year-end financial report if requested to allow evaluation of Customer's financial condition or creditworthiness as determined by SRP to complete installation of the Generating Facility.
- 33. SRP reserves the right to reject any application that does not meet the terms or conditions of the EarthWise Solar Energy Program, SRP's Interconnection Guidelines for Distributed Generators, SRP Electrical Service Specifications or Customer does not demonstrate the financial ability to complete installation of and maintain the Generating Facility.
- 34. This Agreement shall be interpreted, governed by, and construed in accordance with the substantive and procedural laws of the State of Arizona, without regard to conflicts of law principles. SRP and Customer agree that any action, suit, or proceeding arising out of or relating to this Agreement shall be initiated and prosecuted in a state or federal court of competent jurisdiction located in Maricopa County, Arizona, and the Parties irrevocably submit to the jurisdiction and venue of such court. To the fullest extent permitted by law, each Party hereby irrevocably waives any and all rights to a trial by jury and covenants and agrees that it will not request a trial by jury with respect to any legal proceeding arising out of or relating to this Agreement.

This Agreement is dated and effective as of the latest signature date below.

"CUSTOMER":

"SRP"

By: \_\_\_\_\_  
Signature

By: \_\_\_\_\_  
EarthWise Solar Energy Program Manager

Name: \_\_\_\_\_ /Customer  
Print Name

Name: \_\_\_\_\_  
Print Name

Its: \_\_\_\_\_  
Title

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**CONSENT TO ASSIGN INCENTIVE PAYMENT TO A THIRD PARTY:**

I, \_\_\_\_\_ authorize SRP to pay the Incentive to \_\_\_\_\_,

Customer

Name of Third Party

on Customer's behalf, as payment toward the cost and/or installation of the qualifying Generating Facility. Customer

Acknowledges and agrees that payment of the Incentive to \_\_\_\_\_ shall

Name of Third Party

satisfy SRP's payment obligation to Customer in connection with SRP's Earthwise Solar Energy Program. Customer further acknowledges that assignment of the Incentive does not relieve Customer of its obligation to sell to SRP all of the Environmental Attributes and Environmental Attributes Reporting Rights associated with the Generating Facility.

By: \_\_\_\_\_  
Signature

Name: \_\_\_\_\_ /Customer  
Print Name

Its: \_\_\_\_\_  
Title

Date: \_\_\_\_\_

**EXHIBIT A**  
**Form of**  
**Bill of Sale**  
**for**  
**Environmental Attributes**  
**and**  
**Environmental Attribute Reporting Rights**

Customer ("Seller") hereby sells, transfers and delivers to the Salt River Project Agricultural Improvement and Power District ("SRP") all of its right, title, and interest in and to the Environmental Attributes and Environmental Attribute Reporting Rights associated with the generation of energy by the Generating Facility described in the Solar Electric Application and Agreement (the "Agreement") between the parties dated \_\_\_\_\_ ("Effective Date"). Capitalized terms used but not defined herein shall have the same meanings set forth in the Agreement.

The Generating Facility is located at \_\_\_\_\_.

This Bill of Sale shall only transfer the Environmental Attributes and Environmental Attribute Reporting Rights generated by the Generating Facility for a period of twenty-five (25) years, commencing with the Effective Date. SRP shall have no interest in any Environmental Attributes or Environmental Attribute Reporting Rights generated after such period.

Seller anticipates the Generating Facility will generate approximately \_\_\_\_\_ kilowatt hours per year. SRP will determine the actual quantity of kilowatt hours produced by the Generating Facility using energy metering if available.

Seller attests, warrants and represents as follows:

- i) to the best of its knowledge, the information provided herein is true and correct; and
- ii) its sale to SRP is and will be its one and only sale of the Environmental Attributes and Environmental Attribute Reporting Rights (including, without limitation, renewable energy credits (i.e., "RECs")) with respect to the energy generated by the Generating Facility and no third party has claimed or can claim any interest in such Environmental Attributes or Environmental Attribute Reporting Rights.

CUSTOMER:

SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_, Program Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_