



SOLAR ENERGY PROGRAM

COMMERCIAL SOLAR WATER HEATING APPLICATION AND AGREEMENT

INSTRUCTIONS

This is the application for commercial solar water heating installations through the EarthWise Solar Energy Program. The Incentive is \$0.50/kWh of metered energy savings. Please complete the form and include two: energy savings and designed output (ES&D) reports, signed contracts, proofs of installer liability insurance, and solar water heating system diagrams for review. Please send the application via e-mail, fax or mail.

Mail: SRP EarthWise Solar Energy
Commercial Program
Mail Stop PAB 355
P.O. Box 52025
Phoenix, AZ 85072-2025
Phone: (602) 236-4448
Fax: (602) 236-6690
E-mail: EarthWiseSolar@srpnet.com

1. Submit application and signed contract to SRP
 2. SRP reserves funding and sends reservation letter
 3. Contractor submits ES&D reports and other required documentation
 4. SRP reviews design and sends approval letter
 5. Solar system installed by contractor
 6. SRP inspects system and reads meter to begin monitoring period
 7. SRP reads meter at end of monitoring period and issues Incentive payment
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CUSTOMER

Name on SRP Account _____ Office # _____

Contact Name _____ Fax # _____

Company Name _____

Meter Number _____

Service Address _____

City _____ State _____ Zip code _____

Mailing Address _____

City _____ State _____ Zip code _____

E-mail Address _____

Form completed by _____ Phone _____

INSTALLER

Company Name _____ Phone _____

Contact _____ Fax _____

E-mail Address _____

Mailing Address _____

City _____ State _____ Zip code _____

License(s) Number: L-74 _____ L-77 _____ L-78 _____
 K-74 _____ K-77 _____ K-78 _____

EQUIPMENT DEALER (Same as Installer)

Company Name _____ Phone _____

Contact _____ Fax _____

E-mail Address _____

Mailing Address _____

City _____ State _____ Zip code _____

License(s) Number: _____

SOLAR WATER HEATING SYSTEM INFORMATION

Existing Building New Building

Collector Manufacturer _____

Model Number _____

Projected System Performance (Phoenix, Annual BTU) _____

Estimated Installation Date _____

Estimated Total Project Cost of Equipment Necessary to Produce Heating _____

ESTIMATED EARTHWISE SOLAR ENERGY WATER HEATER INCENTIVE (“INCENTIVE”) CALCULATION:

$$\frac{\$0.50}{\text{kWh}} \text{ (SRP Incentive)} \times \text{_____} \text{ (Expected System Rating in BTU's)} \times \frac{1 \text{ kWh}}{3412 \text{ BTU's}} = \$ \text{_____} \text{ (Total Incentive)}$$

SRP EARTHWISE SOLAR ENERGY TERMS AND CONDITIONS

This SRP EarthWise Solar Energy Water Heating Agreement (“Agreement”) is entered into by and between 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:

QUALIFICATIONS

1. Customer is an SRP customer and will install the solar water heating system (“Solar System”) in SRP service territory. For new construction, the builder is the Customer until sale of the property.
2. Only SRP customers are eligible.
3. Customer may elect to have a separate entity (“Third Party”) design, install, own or operate the Water Heating System and satisfy some or all of the terms of this Agreement via separate contractual agreement with the Third Party.
4. Solar pool heating systems may only be eligible for the EarthWise Solar Energy Incentive if the pool is used year round as part of normal business operations and is currently heated.

5. Solar Systems installed before January 1, 2007 are not eligible.
6. Customer shall provide an Energy Savings and Designed Output (ES&D) report as part of the application. This report shall provide a description of the system and major components, designed performance, system output, identify applicable standards and/or codes used in the system design, and a brief history of the components used in similar applications.
7. The ES&D report must include either a testing certification for a substantially similar system prepared by a publicly funded laboratory or an engineering report stamped by a registered professional engineer. Reports referencing substantially similar systems that have been previously stamped may be accepted at the discretion of SRP.
8. If the system design differs from the recognized industry best practices, the ES&D report must contain a certification that the system design is at least as effective as the specified requirements.
9. While equipment qualifications are required for program participation, the technology specific installation guidance is provided to Customer to convey information on installation and operation practices that are most likely to achieve the system's designed output. The requirements described herein are not intended as engineering recommendations, services, or technical advice. Engineering recommendations, design, and performance data will be provided to Customer by its supplier, installer, or professional advisor, not by SRP.
10. Although installation guidance is not currently mandated for a project to receive an Incentive, it does reflect both industry and utility concurrence on those practices that are important for a technology to best achieve the designed output. SRP reserves the right to modify equipment qualifications and/or installation guidance if SRP becomes aware that such qualifications or guidance result in unsafe conditions, provide inappropriate results for SRP customers, or are inconsistent with the SRP Solar Energy Program objectives.

INSTALLATION AND EQUIPMENT SPECIFICATIONS

11. The installer must possess a valid license on file with the Arizona Registrar of Contractors (AZROC). Eligible license classifications include: L- 74, L-77, L-78, K-74, K-77, and K-78. To verify a contractor's license validity, please visit the Arizona Registrar of Contractors website at 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 Solar System or installation to the Solar System.
12. Installer must provide proof of liability insurance. Proof of insurance must be provided as part of the application request.
13. If the equipment dealer is party to the application, the dealer must provide proof of possession of a business license that is in good standing with the appropriate agency(ies) and must also provide proof of liability insurance. Evidence of good standing and a copy of the proof of liability insurance must be provided as part of the reservation request.
14. Solar Systems must be permitted and inspected as required by local and state codes.
15. Solar collector panels used in the system shall have an SRCC OG-100 certification or laboratory documentation showing the panel energy output under controlled and replicable test conditions. A directory of solar collector ratings is available at www.solar-rating.org.

INSTALLATION GUIDANCE

16. The collector panels should be installed to manufacturer's specifications and the panel orientation should be between +/- 90 degrees of south.
17. All systems should be installed such that the energy collection system is substantially unshaded and should have substantially unobstructed exposure to direct sunlight between the hours of 9am and 3pm.

METERING

18. The system shall include the installation of a BTU meter and shall be calibrated/programmed according to the manufacturer's directions.
19. All solar water heating systems shall install a BTU meter to determine actual system performance. The meter shall remain as part of the system for as long as the life of the system. *Under no circumstances shall the meter be removed unless for maintenance purposes.*
20. Customer shall provide a complete solar water heating system diagram showing BTU meter placement as part of the application package.
21. SRP reserves the right to inspect BTU meter installation to determine proper location for measuring actual energy savings. Installation specifications shall meet requirements provided by the manufacturer.
22. SRP personnel will record the BTU meter reading after the first 12 months of operation to determine a one-time performance based Incentive. Customer hereby grants SRP permission (and a nonrevocable license) to enter upon Customer's premises at reasonable times to obtain additional readings throughout the life of the system to verify performance and operation and to read the BTU meter.
23. SRP must be notified when the system is non-functional for more than 3 weeks and again when the system is placed back in-service. It is the Customer's responsibility to arrange for an SRP representative to take meter readings when the system is non-functional and when placed back in-service. The duration that the system is non-functional will be extended to achieve 12 full operating months of metered data.

INCENTIVE

24. SRP will pay \$0.50 per kWh of actual energy savings (based on metered readings of the system). The kWh savings will be calculated using a conversion factor of 3412 BTU/kWh.
25. Customer shall pay at least 15% of the gross system cost after payment of the Incentive and application of other income tax credits (federal, state, or local). The Incentive will be reduced to keep customer contribution at or above this dollar amount. The total Incentive will not exceed 60% of the project costs or \$250,000.
26. An annual spending cap is set for Customer's Incentives. After this cap is reached, reservations will be taken for next year's funds.
27. SRP reserves the right to adjust the Incentive and spending cap at any time based on participation. SRP wishes to maximize the number of customers who can participate and might reduce the Incentive per Solar System if the funds are quickly reserved. This decision will be made before accepting reservations for future years' funds.
28. SRP is not responsible for any tax liability imposed on Customer as a result of the Incentives under this program.
29. In exchange for the EarthWise Solar Energy Incentive SRP has reserved for and will pay to Customer, 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 Solar System for a period of 20 years. If the Solar System 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 Solar System for a period of 20 years. This provision shall survive the termination of this Agreement and any subsequent sale(s) of the Solar System. "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 Solar System during the operating life of the Solar System and in which Customer or Third Party owner 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 Solar System 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 Solar System is removed or will not be maintained operational. SRP, at its sole discretion, may elect to waive the reimbursement obligation if the Solar System is non-operational due to equipment malfunction not attributable to the Customer and the Customer is actively making good faith efforts to repair the Solar System and return it to operation. In the event of sale of the property within the first 10 years of operation, the Solar System shall be deemed non-operational unless the new customer agrees to the terms and conditions of this Agreement.
- 31. The amount of Incentive payable to Customer will be based on a BTU meter reading after the first 12 months of operation.
- 32. Incentive funds will be reserved after a completed application is received and approved by SRP. Customer has nine (9) months to install the system from 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 system, a new reservation will be made at the current rate.
- 33. For new construction with planned installation beyond nine (9) months, please estimate installation date. Funds will be reserved based on Incentive level at time of installation. Funds will be reserved for up to three (3) months past estimated installation date.

ADDITIONAL INFORMATION

- 34. Customer agrees to let SRP use data from Customer's system in research activities and to publish the data.
- 35. Customer shall own and be responsible for the design, installation, construction, operation and maintenance of the Solar System 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.
- 36. 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":

By: _____
Signature

Name: _____ /Customer
Print Name

Its: _____
Title

Date: _____

"SRP":

By: _____
EarthWise Solar Energy Program Manager

Name: _____
Print Name

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 Facility described in the Commercial Solar Water 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 Solar System located at _____.

This Bill of Sale shall only transfer the Environmental Attributes and Environmental Attribute Reporting Rights generated by the Facility for a period of twenty (20) 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 Solar System will generate approximately _____ kilowatt hours per year of thermal energy. SRP will determine the actual quantity of kilowatt hours produced by the Generating Facility using thermal 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 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: _____