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COMMERCIAL DISTRIBUTED ENERGY RESOURCE PROGRAM REQUIREMENTS

This document sets forth the requirements for participation in SRP's Commercial Distributed Energy Resources Program (the "Program"). SRP reserves the right to discontinue or suspend the Program or to modify these Program Requirements (including, without limitation, any equipment qualifications) at any time by posting a notice on SRP's website.

If you have any questions about the Program or these Program Requirements, please contact Program representatives by phone at **(602) 236-4663** or by email at **SRPSolarbiz@srpnet.com**.

SECTION I: GENERAL REQUIREMENTS

1. Customer Information: Application

   a. The customer named on the PowerClerk Commercial Distribution Interconnection Application ("Program Application") must be the Customer of Record on an active SRP account ("Customer").

   b. The owner of the proposed site of the Distributed Energy Resource Facility (the "DER Facility") if different than the Customer, must be listed under Property Owner ("Owner"). The Program Application must be signed by authorized representatives of both the Customer and Owner (if different).

   c. The DER Facility may be a generating facility (e.g., photovoltaic), a storage system (e.g., battery), both (e.g., photovoltaic with battery), or it can be backup generation, if it parallels the SRP grid for any period of time.

   d. If there is any material change to any information provided in the Program Application or other materials submitted by Customer/Owner before the DER Facility is commissioned, Customer/Owner must submit a signed Customer Change Request for Submitted Applications form in PowerClerk.

2. General Participation Requirements

   a. The DER Facility must be installed in SRP's electric service territory and connected behind the Customer meter(s).

   b. Customer's/Owner's participation in the Program is subject to these Program Requirements, as well as the SRP Rules and Regulations, Electric Service Specifications, and Interconnection Handbook (collectively, the "SRP Rules and Requirements"), all of which are available on SRP's website. SRP may reject any Program Application that does not comply with the SRP Rules and Requirements.

   c. Owner must sign SRP's Distribution Interconnection Agreement (the "Interconnection Agreement") and must meet all SRP interconnection requirements (as set forth in the SRP Rules and Requirements) before interconnecting the DER Facility.

   d. Program participation is available for leased and customer-owned DER Facilities. Requirements particular to leased DER Facilities are set forth in Section IV below.

   e. A Power Purchase and Sale Agreement ("PPSA") may be used under the SRP Distributed Solar Option only for public schools, not-for-profit charter schools, eligible government customers, and 501(c)(3) organizations.

f. For non-profit customers entering into a PPSA, Solar Service Agreement, or any Contractual Agreement wherein the customer is obligated to purchase all power from the Generating Facility, it is recommended the Generating Facility not offset more than 75% of the electrical usage for that specific load. The Customer's total kilowatt-hour usage for the previous 12 months will be compared to the estimated energy production as calculated in PowerClerk. In the event the Customer's account has no prior usage history, a third-party estimate reasonably acceptable to SRP must be supplied by the Customer.

g. Under the Distributed Solar Option, the system owner must have an account established with SRP. For more information regarding the Distributed Solar Option, please contact department representatives at **(602) 236-4663**.

SECTION II: INSTALLATION AND EQUIPMENT

1. Licensing

a. The DER Facility installation contractor (the "Installer") must be licensed in Arizona under one of the following license classifications, C-11 or CR-11.

2. Compliance with Laws and Inspection

a. The DER Facility shall be installed, maintained and modified in accordance with the requirements of the local AHJ, NEC and SRP. In those areas where the AHJ does not provide a city clearance, the Customer must provide a signed Certificate-in-Lieu of Clearance following completion of all work. See SRP's ESS for a sample of the certificate.

b. All design drawings for a DER site greater than 300 kW must be stamped by an Electrical Professional Engineer registered in the state of Arizona.

c. The DER Facility must comply with all applicable construction laws, codes, and safety standards. SRP is not responsible for any interruptions, maintenance, operation, inspection, or removal of DER Facility.

3. Warranties & Sales Agreements

a. The DER Facility must be covered by a two-year warranty from the installer against defects in the overall installation of the DER Facility or that result in degradation in electrical output.

b. All Warranties and Sales Agreements must meet A.R.S. § 44-1761 through § 44-1764.

4. Equipment

a. All self-generating equipment must be tested by a nationally recognized testing laboratory and installed per the manufacturer's instructions.

b. Inverter(s) must comply with UL 1741, IEEE 1547, and UL 1741 SA requirements and be installed per the manufacturer's instructions.

c. All batteries must be certified to UL 1973 and battery systems must be certified to UL 9540, installed per the manufacturer's instructions, and listed on the application. Include battery power (kW) and energy (kWh) on the Program Application.

SECTION III: PRICING AND SYSTEM STUDIES

1. All customers participating in the Program will be enrolled in the Buyback Service Rider. There is not a commercial self-generation rate.

2. Customers installing a DER Facility of 3 MW-AC or more will also be enrolled in the Stand-by Electric Service Rider for Power Production Facilities.
3. Program participants with inverter-based DER Facilities over 300 kW-AC will go through an engineering review. Projects over 1 MW-AC will go through a detailed study to determine potential impacts on SRP's grid, and if additional equipment or facilities are required to accommodate the DER. The Customer is responsible for all expenses incurred for study and installation of DER Facilities. See the SRP website for details of study costs and anticipated timelines.
4. System Protection, Telemetry and other technical requirement details may be found in the Contractor section of the SRP Commercial Solar website.
5. Non-inverter based DER Facilities will be subject to an appropriate study and may be required to install telemetry.
6. Riders and studies may be modified, supplemented, or superseded subject to certain exemptions. All SRP price plans and service riders, available on SRP's website, are subject to change in accordance with the SRP Rules and Requirements.

SECTION IV: DOCUMENTATION AND LEASE REQUIREMENTS

1. Required Documents – In addition to any other documents required under these Program Requirements or the Distributed Energy Resources Application Checklist (the "Checklist"), Applicant must deliver to SRP the following:
    a. Signed SRP PowerClerk Commercial Distribution Interconnection Application.
    b. Copy of the executed purchase contract; solar service agreement, or lease agreement.
    c. Site plan diagram, a one-line diagram, a three-line electrical diagram and label sheet.
    d. On projects 1 MW-AC and larger, a relay schematic is required.
2. Lease Requirements – If Customer/Owner leases the DER Facility, the lease must meet all of the following requirements:
    a. The lease must specify a fixed term, with no automatic renewal at the end of the initial term.
    b. The lease must have a fixed monthly payment or pre-pay amount. While payment may increase over time (e.g., an annual percentage increase), the amount cannot be tied to the amount of energy produced by the DER Facility (e.g., no "overproduction" adders). The lessor may guarantee system performance.
    c. The lessor may not charge a fee to review or approve the assignment of the lease if Customer/Owner transfers ownership or possession of the building where the DER Facility is installed.
    d. Initial title to the energy produced by the DER Facility must vest with Applicant.
    e. Initial title to the environmental attributes and environmental attribute reporting rights must vest with the lessor.
    f. The lease must specify the installation address and size (kW-DC) of the DER Facility. If AC-coupled batteries are included, then battery inverter information must be included.
    g. The lease must be governed by Arizona law, without regard to principles of conflicts of laws. Jurisdiction and venue of any dispute arising out of or relating to the lease must be located in the county where the DER Facility is installed.