



Program Guidelines

1. General

a. Background

In August of 2009, the Solartricity Producer Program (“SPP”) was presented to the CPS Energy Board of Trustees in public session. This program was presented as a key part of the overall CPS Energy solar strategy. The SPP targets commercial-scale roof-top solar projects of 25 kW_{ac} to 500 kW_{ac} located in the CPS Energy service area. While the SPP is modeled after a “feed-in-tariff” structure, it does not include a tariff, but is a “standing offer” for the purchase of power under the SPP Requirements. The Program has originally been defined as a two (2)-year trial with a 5 MW_{ac} per year capacity limit up to the maximum production specified in the Solartricity Producer Power Purchase Agreement (SPPPA). Contracts executed during year one (1) of the SPP will be at a fixed power price of \$0.27/kWh with the price in year two (2) to be determined.

b. Program Goals

The general goals of the SPP can be summarized as follows:

- i. Supporting development of a solar supply chain in the San Antonio area thus create opportunities for reductions in local installation prices.
- ii. Incent the development of local commercial scale distributed roof-top installations resulting in CPS Energy increasing its knowledge of and experience with local solar performance and its impact on the CPS Energy System.
- iii. Increase local renewable generation output, while reducing the use of gas and coal for electric generation.

c. Program Overview and Requirements. The SPP offers standard provisions to entities wishing to install solar photovoltaic (PV) generation systems (the “Facility”) and sell all the energy directly to CPS Energy. The general terms and requirements of the SSP which will be ultimately found in a contract between the parties are as follows:

- i. The owner (“Seller”) of the Facility shall enter into a Solartricity Producer Power Purchase Agreement (SPPPA) contract with CPS Energy (“Buyer”) for a fixed term of twenty (20) years.
- ii. The Seller will sell and CPS Energy will purchase all the energy produced from the Facility. The first year of the SPP only, CPS Energy will purchase the energy at a fixed rate of \$.27/kWh for the duration of the term of the contract. Purchase will be limited to the maximum design monthly production specified in the SPPPA. Maximum monthly production will be based on industry accepted modeling software (e.g. PVWATT, SAM, etc.) The fixed rate and other program components will then be re-evaluated on a yearly basis for contracts initiated in years subsequent to 2010.
- iii. The Facility must be installed and continue to operate in accordance with CPS Energy interconnect standards, applicable codes and standards, and local governing regulations.

- iv. The solar Facility must be mounted on the roof top of a building or associated structure of a building or parking garage or parking structure, however ten percent (10%) of any proposed project may consist of ground mounted equipment.
- v. The Facility must be physically located within the CPS Energy electric service territory.
- vi. The Facility must be connected directly to a meter point which will be installed for the purpose of establishing the interface between CPS Energy and Seller on the CPS Energy distribution System. “Virtual” or “net-metered” connections will not be allowed under this Program.
- vii. Any Facility which has previously received a CPS Energy rebate or is on a net-metering agreement with CPS Energy will not be considered eligible for this Program.
- viii. References to “capacity” shall refer to the Facility’s kW_{ac} rating at the inverter output.
- ix. Seller must be a legal entity authorized to enter into a contractual agreement with CPS Energy.
- x. A Seller will be limited to ownership of no more than 500 kW_{ac} cumulative capacity under the SPP.
- xi. The Seller is not required to be a CPS Energy customer unless energy is supplied from CPS Energy to provide power for the Facility’s ancillary equipment.
- xii. CPS Energy shall be assigned all Environmental Attributes gained from the production of the solar energy under the SPPPA (carbon credits, renewable energy credits, compliance premiums etc.)
- xiii. The SPPPA may be terminated by the Seller at any time. Any change in the solar Facility output rating, size, generation technology type, physical location or interconnection point will result in a termination of the SPPPA.
- xiv. The SPP “Program Year” will be a 12-month period beginning on the date applications are initially accepted.

2. Procedures and Administration

- a. **Program Modifications.** The Program is being offered on a trial basis for two years; however, CPS Energy reserves the right, in its sole discretion, to make changes to the SPP as issues arise including the right to extend or terminate the SPP at any time. Fully executed SPPPA contracts would not be affected by the modification or termination of the SPP.
- b. **Application Submission.** CPS Energy will accept hand-delivered applications from 9:00 a.m. to 5:00 p.m. on June 15, 2010 at the CPS Energy Service Delivery Facility, 17281 N. Green Mountain Road on a first-come, first-served basis. A non-refundable Application Fee of \$200 is due with Application submission. Each package will be time and date stamped in order received and will be assigned a Queue Number at the time of submittal which is project specific and assigned only to the project described in this Application. The Queue Number is not assignable or transferable to another proposed project. Acceptance of the Application does not

constitute final acceptance of the proposed project by CPS Energy. Only a fully executed contract constitutes project acceptance and a permit to proceed.

After June 15 - Application packages may be hand delivered to CPS Energy Supply Chain, 134 Navarro Street, 9th Floor or CPS Energy Security Desk at 134 Navarro at 7 ½ Floor. Office hours are Monday through Friday (except recognized holidays), from 9:00 a.m. to 3:00 p.m. Further details on Queue management are listed in part “d. Application Queue Management” of this section 2.

- c. Application Acceptance.** The Application must be complete and contain all information as defined and required on the Application. Failure to provide a complete package with all required information will result in the submitted Application being rejected and returned to the submitter. When an Application is rejected, the Applicant loses their Queue number or “loses their place in line”. **CPS Energy reserves the right, in its sole discretion, to reject an Application package that is incomplete or not completed as required by the Application.** If an Application is found to be complete, it will remain in order of Queue Number (see part d. of this section) and the Applicant will be informed electronically or by phone that their Application has been initially accepted. At that time, the Applicant will have two (2) weeks to provide all required information for the Interconnection Evaluation and must deliver the Interconnection Evaluation Fee of \$10 per proposed kW to CPS Energy no later than the day of submittal of the required information. The Interconnection Evaluation Fee is refundable **only** if the proposed Facility is rejected because CPS Energy’s distribution system is unable to support the proposed Project without significant upgrades.
- d. Application Queue Management.** The purpose of the process for assignment of an Application Queue Number is to provide a clear, fair process for handling Applications. The process is based on a “first-come, first-served” structure under the following rules.
- i. Applications will be processed in the order received, “first come, first served”. Application packages will be time and date stamped and assigned an Application Queue number as received and a receipt will be given to the submitter with this same information.
 - ii. Applications shall be received until the aggregate queue indicates 5 MW_{ac} of generation has been submitted as proposed projects, at which time an announcement will be made that the yearly cap has been reached in proposed projects. While Applications will continue to be accepted after this point, these Applications will be considered only as earlier proposals in the queue are rejected, withdrawn or terminated releasing capacity under the 5 MW_{ac} cap.
 - iii. A list of Applicants and the Applicant’s proposed project size, location and Application Queue number will be available on the CPS Energy website within seven (7) days after opening day. Applicants whose Application is rejected by CPS Energy in its sole discretion as being incomplete will receive a notice of rejection of the Application and their Applications will be returned.
 - iv. If an Application is withdrawn by the Applicant or rejected by CPS Energy, it will be removed from the queue and the next Application Queue number in order submitted will move up.
 - v. Applications/projects will not be prioritized or ranked according to any criteria but will be reviewed solely in order of the assigned Application Queue Number. Additional information on that process is contained in parts e. and f. of this section.

- vi. Each Applicant will be limited to a cumulative total of 500 kW_{ac} for all submitted projects in the queue for consideration. Once this total is reached for any single Applicant, subsequent Applications will be returned.

e. Application Review and Interconnection Evaluation. The Interconnection Evaluation is conducted to evaluate the Application and submitted materials and drawings from a technical perspective to identify and assist in resolution of any issues associated with the proposed Facility interconnecting to the CPS Energy distribution System. Detailed requirements are contained in the Distributed Generation Interconnection Requirements document found on the CPS Energy website.

- i. The Distributed Generation Team will contact the Applicant during the Interconnection Evaluation (IE) to clarify issues, assist in optimizing the interconnection, ensure system impacts are addressed and resolved and identify cost of the interconnection.
- ii. The interconnection point may be made at any point on the CPS Energy distribution side of any existing service meter points in accordance with the Interconnection requirements and design limitations of associated feeders and equipment. Specific interconnection point will be addressed with the Applicant in the IE process. **All costs of interconnection with the CPS Energy System will be the responsibility of the Applicant including the cost of procuring and installing the solar system revenue meter from CPS Energy.**
- iii. The IE will determine any System upgrades that will be required to support the installation of the proposed Facility. **The cost of these upgrades will be the responsibility of the Applicant.**
- iv. The Facility shall be designed and installed in such a way that no energy generated from the Facility is routed to any other loads other than the CPS Energy System at the Interconnection Point. Any electrical service required by the Facility shall be supplied from either backfeeding through the revenue meter, or through a separately installed meter that only serves loads directly associated with the Facility. Generation from the Facility must be exclusively from solar energy.
- v. In the case where a proposed Facility is determined to be technically infeasible due to limitations of the CPS Energy System, the Applicant will be contacted and provided a single opportunity to propose an alternate location for the solar Facility under the existing Application Queue Number. The Applicant will have up to three (3) weeks to provide the updated Application or else the Applicant will lose its Application Queue Number.

f. Project Acceptance and Contract Execution

- i. At completion of the IE, all obligations of Seller and CPS Energy will be documented and included in the Solartricity Producer Power Purchase Agreement (“SPPPA”) and the Interconnection Agreement (“IA”) (collectively called the “Contracts”). Contract documents will be provided to the Applicant for review upon acceptance of the project.
- ii. Applicant will have up to two (2) weeks to review and execute the SPPPA and IA. If an Applicant fails to execute the SPPPA and IA by the end of the review period, the project will be considered withdrawn and will be removed from the queue without refund of any Fees previously paid (i.e. the \$10 Interconnection Evaluation Fee and the \$200 Application Fee).

- iii. All interconnection and System upgrade costs must be paid in full to CPS Energy at the time of execution of the Contracts.
- iv. SPPPA must be executed in the name of the authorized party for the solar installation owner identified in the Application.
- v. Any proposed assignment of the Contracts is subject to review and written approval by CPS Energy prior to such assignment.
- vi. CPS Energy will act as agent for Seller in managing applicable ERCOT and PUCT registrations, passage of title of Environmental Attributes, scheduling, reporting and associated requirements that affect Seller's Facility.
- vii. Seller will be required to provide CPS Energy with an easement for installation and access to the revenue meter and Interconnection Facilities up to the Point of Interconnection.

g. Project Installation.

- i. The Facility shall be installed in complete conformance with all federal, state and local codes applicable to solar and distributed generation installations. Facility shall also be installed, operated and maintained in conformance with CPS Energy Interconnection Agreement and conditions of the SPPPA.
- ii. Installation shall proceed in accordance with schedule dates defined in the SPPPA. Milestone dates shall be defined for completion of financing, order and receipt of major components, initiation of construction, testing and start-up and commercial operation. **Commercial Operation must be accomplished within nine (9) months of execution of the SPPPA and IA or the SPPPA will be terminated by CPS Energy. Commercial Operation is defined as the date on which all inspections and permits have been successfully completed, the solar Facility has reached full rated output for the given ambient conditions, and all installed equipment required for full operation of the Facility is operational.** CPS Energy shall be given project status updates on a bi-weekly basis.
- iii. CPS Energy shall be provided reasonable access to the Facility to inspect the Facility prior to connection of the Facility to the CPS Energy distribution System to determine if Facility meets all Interconnection Requirements. An inspection to approve the interconnection must be scheduled with CPS Energy a minimum of five (5) business days in advance of the proposed interconnection. In the event of non-compliance Seller shall be notified promptly in writing specifying the basis of non-compliance.
- iv. CPS Energy retains the right to install at its own expense communications, telemetry and related monitoring equipment to monitor and evaluate performance of the Facility.
- v. While CPS Energy accepts no liability related to the installation and operation of the Facility, it is required that the design and installation utilize experienced contractors and consultants, and be performed in accordance with industry best practices.

h. Project Operation

- i. The Facility is required to remain in compliance with applicable codes and standards and requirements found in the IA over the life of the Facility. Failure to meet these IA requirements may result in disconnection of the Facility from the CPS Energy System.
- ii. Facility must have sufficient and appropriate staff available to monitor, maintain and operate the Facility in a safe and effective manner. Staff must be available 24/7 to respond to unsafe conditions arising between the Facility and the Interconnection.
- iii. The Facility must remain in compliance with the SPPPA and the IA over the terms of the Contracts. In the event the SPPPA is terminated, the IA will automatically terminate and the Facility will be required to obtain another Interconnection Agreement with CPS Energy to remain connected to the CPS Energy System.
- iv. The Seller shall give CPS Energy reasonable access to the Facility and associated equipment for data collection, audit or performance testing of the Facility, as well as, for investigation of CPS Energy System issues and verification of Facility conformance with Interconnection requirements.
- v. Facility may replace and repair equipment for normal maintenance, but Facility may not be upgraded to a capacity above that designated in the SPPPA.
- vi. Facility will be required to maintain insurance against risk of loss to CPS Energy's System and related equipment during the terms of the Contracts.
- vii. In the event of CPS Energy System outages, CPS Energy shall make all reasonable efforts to restore its System in an expeditious manner. In no case will CPS Energy be liable for losses related to lost production from the Facility.

3. Program Management and Dispute Resolution. The Solartricity Producer Program shall be managed by the Solartricity Producer Program Manager, in the Retail Energy business unit of CPS Energy. Management of the SPP shall be in accordance with all Program documentation and the Contracts. Any issues or concerns which arise prior to Applicant signing the Contracts including those regarding the Program Requirements, selection or rejection of proposed projects or queue management shall be handled by the Program Manager. Any disputes which arise after the Contracts are executed shall be handled in accordance with the Dispute Resolution clause in the Contracts.

4. Termination. Contract termination may be carried out as follows:

- a. Seller has the right to terminate the SPPPA at any time for its convenience.
- b. Buyer may terminate the SPPPA for Seller's failure to meet the requirements of the SPPPA or IA over the term of the Contracts, misrepresentations made to CPS Energy prior to or during the term of the Contracts, and theft of electricity or meter tampering.

5. Payment Processing. Payment for solar energy produced and delivered will be made on a monthly basis in accordance with the following guidelines.

- a. On approximately a monthly basis, CPS Energy will provide revenue meter read information to the Seller for the electrical production from the Facility.

- b. Payment will not be divided among multiple entities. Each Facility will be administered as an individual account and payment to the Seller identified in the SPPPA.
- c. CPS Energy's payment obligation shall not exceed the maximum monthly design production for the Facility specified in the SPPPA.
- d. CPS Energy will make payment for metered production on a net thirty (30)-day basis.
- e. CPS Energy's revenue meter shall be conclusive as to the payment owed for production of energy from the Facility although Seller may individually meter the Facility's production at its own expense and provide its evidence in the event of a payment dispute.

This Guideline provides an overview of these processes, procedures and requirements associated with the SPP. This document and the SPP documents will not supersede existing CPS Energy Rules and Regulations except as specifically identified. This Guideline does not supersede requirements in the SPPPA, Interconnection Standards or related Requirements, codes or regulatory requirements.