



APS Solar Partners Incentive® Program* – Grid Tied Photovoltaic Systems

Instruction Sheet – If you have any questions regarding this process, please call (602) 328-1924

1. Complete and submit a Reservation Packet

The Reservation Packet includes:

- A quote providing itemized total cost for the system, including installation costs.
- A completed and signed Reservation Application and Credit Purchase Agreement (the “Incentive Agreement”).

The Reservation Packet must be **submitted by mail** to the address listed below. APS will not accept faxed documents.

2. Receive Reservation Confirmation

When your reservation has been approved, you will receive written notification along with a fully executed copy of the Incentive Agreement from APS. If the request for funding is denied, you will receive written notification. Funding is limited and is allocated on a first come, first-served basis.

3. Complete and submit Interconnection Application and Required Drawings (Either you or your vendor can complete this step) After you have selected a system and finalized its design specifications, submit an Interconnection Application and required drawings to APS.

4. Receive Interconnection Application Status Confirmation

When your interconnection application has been approved, you will receive an Interconnection Agreement and Electric Purchase Supply Agreement if you will be selling back power to APS. APS will prepare these agreements. If your interconnection application has been denied, you will receive written notification providing details of the deficiency and how to correct it. APS recommends that you wait to receive written confirmation that the interconnection application has been approved before proceeding with the installation of the system.

Important Note:

If any information provided on the Incentive Agreement changes, please submit a signed Amended Incentive Reservation Application to APS. APS will provide written acceptance or denial of the Amended Incentive Agreement.

5. Proceed with Installation after you have received written confirmation that the Interconnection Application and required drawings have been approved by APS.

6. Complete and submit the Commissioning Packet

The Commissioning Packet consists of:

- Signed Acceptance and Installation Certification of Photovoltaic System Agreement (“Commissioning Form”)
- Signed Interconnection Agreement (Agreement prepared by APS)
- Signed Purchase Supply Agreement (Agreement prepared by APS if selling back power to APS)
- Receipt confirming the system purchase price, payment, and installation by an Arizona licensed contractor
- Copy of city or county electrical clearance or a Letter in Lieu of Electrical Clearance

The Commissioning Packet must be **submitted by mail** to the address listed below. APS will not accept faxed documents.

7. Receive authorization to interconnect with the APS grid.

Upon approval of the Commissioning Packet, APS will schedule a site inspection. After the system installation has passed the inspection and the necessary metering has been installed, APS will allow the system to operate in parallel to the APS grid. As a follow up, APS will send you an authorization letter confirming permission has been provided for the system to operate in parallel with the APS grid.

8. Receive incentive payment from APS

Upon verification that all program requirements have been met, APS will issue an incentive check.

*The solar incentive program is funded by APS customers and is approved by the Arizona Corporation Commission.

Submittal address for all program documents:
APS Solar Partners[®] Incentive Program
PO Box 53933, MS 3874
Phoenix, AZ 85072-3933



**GRID TIED PHOTOVOLTAIC ELECTRIC SYSTEM
INCENTIVE RESERVATION APPLICATION AND CREDIT PURCHASE AGREEMENT
APS Solar Partners Incentive® Program**

This Grid Tied Photovoltaic Electric System Reservation Application and Credit Purchase Agreement (the “Incentive Agreement”), dated and effective this _____ day of _____, 2007, is made by and between Customer and Arizona Public Service Company, an Arizona Corporation (“APS”). This Incentive Agreement is entered into based on the following considerations, each of which the Parties agree is a necessary part of the terms and conditions that follow:

- 1) Customer is the APS retail customer of record for the Property. APS supplies the Customer’s electrical power requirements.
- 2) Customer plans to install a photovoltaic system (the “PV System”) on its property (the “Property”), which is in the APS service territory, for the purpose of generating its own electrical power.
- 3) APS would like to take title to and interest in any environmental credits associated with the electrical power produced from Customer’s PV System. APS will pay Customer for such credits (“Credit Purchase Payment” or “CPP” in accordance with the terms and conditions provided herein).

RESERVATION APPLICATION

CUSTOMER

Customer Name _____

APS Account Number _____ Meter Number _____

Home Phone _____ Business Phone _____

E-mail Address _____ Fax Number _____

Company Name (if applicable) _____

Mailing Address _____

Installation Address _____

Is Customer a dealer or manufacturer of PV Systems, or an employee of a dealer or manufacturer? Yes No

Will Customer own the PV system? Yes No

Are you the primary resident at the site location? Yes No

If no, are you a landlord? Yes No

Customer Type (Please check appropriate box)

- Residential Office Building Healthcare Mining Educational/University Communications Facility
 Manufacturing/Industrial Military Government Religious I.P.P. Reclamation Facility
 Water Treatment Plant Recreational Facility Hotel Ranch Dairy Other _____

SYSTEM INFORMATION [Please contact your dealer if unsure of the information to provide in this section]

Estimated Installation Date _____

PV Module Manufacturer _____ Model # _____ UL Listing UL- _____

Is this a system expansion? Yes No

Total Watts (PV Module DC Watts W-STC Rating) _____

EQUIPMENT DEALER INFORMATION

Dealer Name (please supply full legal name) _____

Contact Name _____ Telephone _____

Fax _____ E-mail _____

Mailing Address _____

INSTALLER INFORMATION (If same as equipment dealer, check here)

Installer Name (please supply full legal name) _____

Contact Name _____ Telephone _____

Fax _____ Email _____

Mailing Address _____

Arizona Registrar of Contractors (AZROC) License Information

Number _____ Class _____ Expiration _____

INCENTIVE REQUEST

Available residential incentive is a one-time payment of \$3.00/Watts DC; available commercial incentive is a one-time payment of \$2.50/Watts DC. Incentive payments for system expansions are capped at 50% of total cost. Incentive payments for dealers or manufacturers of PV systems or employees of dealers or manufacturers of PV systems are capped at 50% of the system cost basis.

Reservation Calculation: \$ _____ / Watt x _____ = \$ _____
Incentive Level DC Watts STC Total Incentive

Will payment be assigned to an installer, dealer or manufacturer of the qualifying solar system? Yes No

If yes, name and address to which payment should be sent _____

NOTE THAT ANY MATERIAL CHANGES TO THE INFORMATION PROVIDED IN THE RESERVATION APPLICATION MUST BE PROVIDED TO APS THROUGH AN AMENDED INCENTIVE AGREEMENT. FAILURE TO SUBMIT AN AMENDED INCENTIVE AGREEMENT AS REQUIRED MAY JEOPARDIZE CUSTOMER'S ELIGIBILITY TO RECEIVE THE INCENTIVE PAYMENT FROM APS.

How did you hear about the APS Solar Partners Incentive Program?

Brochure at Event Annual Use Letter Print Ad TV Website Radio Other _____

CREDIT PURCHASE AGREEMENT

- 1) APS Solar Partners[®] Incentive Program [the “Program”] funds will be reserved only after a signed Incentive Agreement has been approved by APS. APS will notify Customer in writing if and when the Incentive Agreement is approved. Customer agrees that approval of the Incentive Agreement does not entitle Customer to any payment from APS; Customer must comply with all terms and conditions of the Incentive Agreement in order to receive payment. **If approved, Customer has 180 days from the date of this Incentive Agreement to purchase and install a PV system that meets the requirements set forth in Paragraph 4 below.**
- 2) **The PV System must be installed by a contractor holding an active license with the Arizona Registrar of Contractors with one of the following certifications: C-11, K-11, L-11. Other license certifications may be approved by APS in its sole discretion.** License certifications for Arizona contractors can be found at <http://www.azroc.gov/clsc/AZROCLicenseQuery>. Any request for approval of a contractor with a certification other than one of the foregoing listed certifications shall be submitted in writing to APS.
- 3) As with any significant purchase, Customer is encouraged to shop around when considering a PV system and should check references and otherwise perform its own due diligence with respect to any installer that it hires. APS does not endorse the workmanship of any contractor, nor does it guaranty, warranty, or in any way represent or assume liability for any work proposed or carried out by any contractor. Customer shall remain solely and exclusively responsible for the selection of the installer and APS shall have no liability with respect to the installer or its work.
- 4) **The PV System must conform to the following system requirements in order to qualify for an incentive payment. The PV System shall:**
 - be new, with all new parts including, but not limited to, the inverter and solar panels, and Customer shall be the original purchaser of the System.
 - be a complete solar system which includes solar panels, inverter, and other related equipment to provide AC electricity to the customer site.
 - consist of UL-approved components.
 - be equipped with a meter, capable of metering the net energy output of the PV System, which shall be separate from, but installed adjacent to, the APS meter located on the Customer’s property and shall be marked as “Photovoltaic System Dedicated kWh Meter” or with some other similar designation, unless otherwise approved by APS.
 - be installed with the manufacturer’s recommendations and comply with all applicable governmental statutes, codes, ordinances, rules and regulations, as well as generally accepted engineering and installation practices.
 - comply with all APS interconnect and associated contractual requirements.
 - system has passed the APS Site Inspection.

APS will require dealer, installer and the Customer to execute an Acceptance and Installation Certification of Photovoltaic System Agreement (the “Commissioning Form”) certifying that the PV System meets the foregoing requirements. The parties acknowledge and agree that the Credit Purchase Payment is specifically conditioned upon the PV System meeting such requirements and upon APS’ acceptance and approval of the Commissioning Form. APS reserves the right to inspect the PV System to ensure conformance to such requirements prior to the approval of the Commissioning Form. Customer agrees to make the PV System and/or the Property available to APS for such inspection within a reasonable time following request by APS. Notwithstanding the inspection rights afforded to APS in this paragraph, Customer shall retain control of and liability for the PV System and the Property as otherwise established in this Incentive Agreement including, but not limited to, the provisions of Paragraphs 13 and 16 herein.

- 5) **Customer is responsible for knowing and complying with all interconnection requirements and related contractual obligations.** APS retains the right to inspect the PV System and/or the Property as it deems necessary to ensure that Customer is complying with applicable interconnection requirements and contractual obligations. Customer agrees to make the PV System and/or the Property available to APS for such inspection within a reasonable time following request by APS. Notwithstanding the inspection rights afforded to APS in this paragraph, Customer shall retain control of and liability for the PV System and the Property as otherwise established in this Incentive Agreement including, but not limited to, the provisions of Paragraphs 13 and 16 herein.

- 6) APS will pay a one-time incentive of \$3.00 per watt (based on the DC STC rating of the solar panels) for residential Customers and \$2.50 per watt (based on the DC STC rating of the solar panels) for commercial Customers for up to a maximum one-time payment of \$500,000 to any single Customer (the "Credit Purchase Payment") per year. If applying for an incentive for a system expansion, incentive payment is capped at 50% of the total cost for expansion. Dealers and manufacturers incentives are capped at 50% of the system cost basis. Dealers cannot include installation in the cost basis. Dealers must be able to verify the cost they paid for each system component. Manufacturers cannot include their own technology in the cost basis. Customer may direct that the Credit Purchase Payment be made by APS to the installer, dealer, or manufacturer designated by Customer on the Commissioning Form; provided, however, that APS will not make payment to any designated third party unless and until it receives written acceptance of the PV System from Customer as part of the Commissioning Form. The Credit Purchase Payment represents APS' sole obligation to Customer under the terms of this Incentive Agreement.
- 7) An annual spending cap is set each year for the Program. After this cap has been reached, Customers applying for funding will be placed on a wait list. Incentive Agreements are reviewed on a first come, first-served basis.
- 8) The Parties agree that if Customer fails to maintain and operate the PV System on the Property for ten (10) years from the date that it receives the Credit Purchase Payment, then Customer shall be in Default under this Incentive Agreement. Customer must notify APS within five (5) business days after the PV System is either removed from the Property or is no longer operational (the "Removal Date").

Liquidated damages shall apply if Customer fails to maintain and operate the PV System for at least one (1) year from the date that it receives the Credit Purchase Payment. In such event, Customer shall be responsible for reimbursing to APS the total amount of the Credit Purchase Payment. Customer shall submit payment to APS in certified funds no later than five (5) business days after the Removal Date. This reimbursement requirement shall not apply if, in APS' sole discretion based on information provided by the Customer, the PV System is not operational due to equipment malfunction or other disrepair and Customer is actively and reasonably making efforts to repair the PV System and return it to operation.

The foregoing stipulations shall also apply in the event that Customer sells the Property, as follows: (a) Customer shall notify APS in writing promptly in the event that Customer sells the Property; (b) if Customer sells the Property less than one (1) year after it receives the Credit Purchase Payment and the subsequent owner does not continue to operate and maintain the PV System and grant APS full title to and ownership of all environmental credits associated with the system, Customer must reimburse to APS the total amount of the Credit Purchase Payment as set forth above ; and (c) if Customer sells the Property more than one (1) year after it receives the CPP, it shall be subject to the Default provisions contained in the preceding paragraph and Paragraph 15, but APS shall waive its right to enforce such provisions against Customer if and while the subsequent owner of the Property continues to operate and maintain the PV System and grants APS full title to and ownership of all environmental credits associated with energy produced by the PV System.

If Customer reimburses APS in accordance with this Paragraph 8, this Incentive Agreement shall terminate, effective as of the date that APS receives such reimbursement. Upon such termination, neither APS nor Customer shall have any further obligation to one another under this Incentive Agreement except that the provisions contained in Paragraphs 8, 13 and 15 shall survive any such termination, together with any other provisions that survive termination by operation of law.

- 9) For each kilowatt-hour (kWh) of electricity produced by the PV System, there is an associated environmental credit. Title to and ownership of any and all environmental credits associated with Customer's PV System shall pass from Customer to APS upon payment of the Credit Purchase Payment and APS shall maintain title to and ownership of all such environmental credits, benefits, emissions reductions, offsets and allowances, howsoever entitled, attributable to the generation of energy from the PV System. The calculation, use and retirement of any and all environmental credits shall be in the sole and exclusive discretion of APS. **Acceptance of the Credit Purchase Payment by Customer shall operate as a waiver by Customer of any right, title or interest in the environmental credits and shall entitle APS to any and all environmental credits associated with Customer's PV System both presently and in the future.**

- 10) Customer shall be responsible for reading the meter for its PV System on an annual basis. APS will provide the Customer with the appropriate form for documenting the meter read. **Customer shall be required to read the meter annually, within ten (10) days of receiving APS' written meter read request. Customer must then submit the meter reading to APS, using the appropriate form.** The Parties agree that failure to timely take the meter reading and submit it to APS, as required hereunder, shall be considered a Default under this Incentive Agreement. Any project developer that builds a PV System that also provides energy to a non-APS customer must provide metering to document the energy received by each customer. In addition, APS shall have the right to read the meter for the PV System. Customer shall make such meter accessible for reading by APS in the normal course of its business (i.e., so that APS may, in its discretion, read such meter when it reads the APS meter located on Customer's property, or otherwise).
- 11) Customer shall be solely responsible for the payment of any and all taxes applicable to the PV System and/or the Credit Purchase Payment.
- 12) APS shall have the right, at any time, to publish information about Customer in connection with its renewable energy programs including, but not limited to, Customer's participation under this Incentive Agreement, the results of Customer's participation, and any payments made to Customer pursuant to this Incentive Agreement. Customer affirmatively waives any cause of action that may arise out of or relate to APS' publication of such information. Customer shall not use APS' name or the name of the APS Solar Partners Incentive Program in any of its written materials including, but not limited to, advertising and promotional materials, without the prior express written consent of APS.
- 13) Customer understands and agrees that it is solely responsible for, and bears any and all liability for, the payment of all costs associated with the purchase and installation and operation of the PV System. Customer agrees that any failure of the PV System shall be the responsibility of Customer and/or the installer and not the responsibility of APS. Additionally, APS is not responsible for ensuring that the design, engineering, or construction of the PV System is proper or complies with any particular laws, regulations, codes, licensing, certification and permit requirements or industry standards. APS provides no warranty of any kind, whether express or implied, with respect to the PV System and/or its installation, manufacture, or reliability, nor does APS warrant or guarantee the amount of energy or energy savings that may be produced by the PV System. **In no event shall APS be liable to customer for any consequential, special, incidental exemplary or punitive damages in connection with the PV System and/or its installation, maintenance, or use.**
- 14) It is the Customer's sole responsibility to be informed about and understand any covenants or restrictions that may impact its ability to enter into and comply with the terms of this Incentive Agreement, whether they are federal, state or local, including, but not limited to, homeowners' association covenants or other local neighborhood restrictions. The existence of any such covenants or restrictions, whether in place at the time this Incentive Agreement is executed or instituted at any time thereafter, **shall not** excuse Customer's performance under this Incentive Agreement, and Customer shall be bound to comply with the terms of this Incentive Agreement notwithstanding any such covenants or restrictions.
- 15) Customer's failure at any time to fully comply with its obligations set forth herein shall be deemed a default under this Incentive Agreement ("Default"). In the event of Default, APS shall have the right to any applicable liquidated damages pursuant to Paragraph 15 of this Incentive Agreement, as well as any other damages that may be available to it at law or in equity.
- 16) If any claim of any nature is made by Customer and/or any third party with respect to Customer's PV System, Customer expressly agrees to indemnify APS and hold it harmless against such claims and any costs and expenses incurred by APS in connection with such claims.
- 17) This Incentive Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without giving effect to its principles of conflicts of laws.

- 18) Any dispute relating to this Incentive Agreement, or the breach thereof, shall be submitted to binding arbitration. The arbitration shall be conducted in Phoenix, Arizona and shall be conducted by an arbitrator selected by, and in accordance with, the rules of the American Arbitration Association. All costs and expenses of the arbitrator shall be borne equally by the Parties. The award shall be final and binding on the Parties and judgment upon any award may be entered in any court of competent jurisdiction. The Parties agree that the arbitrator shall have no authority to award consequential, treble, exemplary or punitive damages of any type, regardless of whether such damages may be available under any law or right and the Parties hereby affirmatively waive their rights, if any, to recover or claim such damages.
- 19) If any provision of this Incentive Agreement (or any portion thereof) is found to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Incentive Agreement shall not in any way be affected or impaired thereby.
- 20) The Parties agree that this Incentive Agreement represents the entire agreement between the Parties pertaining to the subject matter hereof and APS' payment of the Credit Purchase Payment to Customer for the same. This Incentive Agreement may not be modified or amended in any way except in writing signed by both of the Parties. This Agreement does not modify, change or impact any other agreement between the Parties such as that relating to the interconnection of Customer's PV System. In case of an inconsistency of conflict between any provisions in this Agreement, Purchase/Supply Agreement, and/or a rate schedule, the inconsistency shall be resolved by giving priority to this Agreement, the rate schedule and then the Purchase/Supply Agreement in said respective order.

CUSTOMER

APS

Name (Please Print)

By (Please Print)

Signature

Signature

Date

Date