ATTACHMENT A

Arizona Public Service Company

Distributed Energy Administration Plan

July 2014

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ARIZONA PUBLIC SERVICE CORPORATION
2014 DISTRIBUTED ENERGY ADMINISTRATION PLAN

1. OVERVIEW

The RES requires that a portion of the renewable energy requirements be obtained from distributed energy ("DE"), and that the installed resources result from residential systems and non-residential systems in equal proportions. As part of its RES Implementation Plan, APS facilitated the installation of DE systems partly by providing customers with financial incentives through APS's Renewable Energy Incentive Program ("REIP").

Commission Staff initiated the Uniform Credit Purchase Program ("UCPP") working group in June 2006, and APS participated in all of the working group efforts. The working group made considerable progress towards identifying program workflows, technology sensitive incentive structures and levels, and technology specific requirements and limitations. APS will use the approach and technology requirements developed by the UCPP working group for this Plan. Further, APS has gained considerable experience in program implementation and has used that experience in developing many of the features presented in this Plan and will continue to do so as process improvements are developed.

The Plan and the associated planning models, implementation strategies, and budgeting for the DE program were all designed with specific consideration of the insights provided by the UCPP working group, program implementation and ongoing stakeholder input.

This Plan details the process by which customers will obtain a Solar Water Heating (SWH) incentive, the requirements associated with the selection, installation, and operation of the DE system, and the measurement of DE performance for compliance reporting and program evaluation. This Plan is designed to provide uniformity and consistency in the administration of APS's DE program.

As part of the RES, the energy generated or displaced by the DE system is applied towards the DE percentage of APS's renewable energy requirement.[1] The unit used to track kilowatt hours ("kWh") derived from renewable resources for purposes of compliance with the RES is the Renewable Energy Credit ("REC").[2] One REC equals one kWh or kWh equivalent (for systems that do not generate electricity). This method will continue to be used until a new value method has been approved by the Commission for tracking RES compliance.

This Plan will ensure that each customer installing SWH will be afforded the opportunity to obtain a reservation. The processes described herein are based on technologies and systems with which APS has considerable experience. Technologies, incentive configurations, and development models which are newly incorporated may require special consideration until new implementation strategies and methods can be defined.

[1] A.A.C. R14-2-1805(B).

[2] A.A.C. R14-2-1801(N) – "Renewable Energy Credit" means the unit created to track kWh derived from an Eligible Renewable Energy Resource or kWh equivalent of Conventional Energy Resources displaced by Distributed Energy Renewable Resources.

The following DE technologies are eligible for incentives as of January 2014:

- Solar Water Heating ("SWH")

2. PROJECT CATEGORY

2.1 Standardized Projects

Unless noted otherwise in this Plan, all information contained herein applies to the administration of standardized projects. By definition, standardized projects follow the procedures and incentives described in this Plan. Incentives, if available, for these projects are described in Exhibit 1. APS anticipates that the vast majority of projects facilitated by this Plan will be standardized projects. The processes described for the standard projects are based on technologies and systems with which APS has considerable experience; technologies and incentive configurations, if available, which are newly incorporated may require special consideration until new implementation strategies and methods can be developed.

2.2 Customer Self-Directed

The Customer Self-Directed project funding option is available to eligible customers.[3] The eligible customer must declare that it will self-direct on or before March 31 of the year prior to the year for self-direction. Customer Self-Directed funds can only be requested for prospective years, funds cannot include prior year payments, and funds cannot exceed the level of funding paid by the eligible customer towards the RES in the year prior to the requested allocation.

In order to be eligible for the incentives detailed in this Plan (Exhibit 1), Customer Self-Directed projects must achieve similar financial efficiency as the standardized and market-based projects discussed above. If the eligible customer wishes to apply Customer Self-Directed funds to a DE system or another application not described in the applicable Incentive Matrix, the customer must submit documentation describing the project economics and the requested incentive level. All projects proposed for Customer Self-Directed funding must meet the requirements described in the RES.[4]

Eligible customers who have facilities in the service territories of more than one affected utility can only apply for funds from APS that were collected by APS. The funds obtained from APS can only be used for projects in APS's service territory. Customer Self-Directed projects are also subject to the general requirements set forth in this Plan including installation, operation, REC exchange, and system performance reporting.

For purposes of financing DE projects, funds for Customer Self-Directed projects may be assigned to third parties. Such assignment remains the sole right of the customer.

[3] A.A.C. R14-2-1801(H) – "Eligible Customer" means an entity that pays Tariff funds of at least $25,000 annually for any number of related accounts or services within an Affected Utility's service area.
[4] A.A.C. R14-2-1809.

2.3 General

Under some circumstances, such as new residential or non-residential construction, a project may not identify the account holder for the APS billing meter at the project site or the party holding legal right to the property in APS territory where the DE system will be located (referred to in the remainder of this Plan as the "Participant") at project initiation. Regardless of the project design, implementation, or timeline, a Participant must have installed a system that is ready for commissioning, have established an account to receive electrical service from APS before the incentive, if available, will be paid.

2.4 Residential Leased System:

Residential applicants are required to notify APS if a residential reservation application is for a leased system during the application process. The Lessor for residential applications must be registered with APS.com prior to a participant requesting an application so that Participants may identify the Lessor in the online application. Participant must also disclose to APS the length of the lease: any lease term less than 20 years submitted after June, 15th, 2010 will be denied by APS, and APS will send a written notification of this application deficiency where applicable. The Lessor, or owner, of a leased system will be required to submit a W-9.

Until such time as residential leased agreements are made available for signing within the online application, APS will require the Participant to submit a Leased Interconnection Agreement. For systems receiving an incentive, all forms must be completed and submitted to APS before the inspection will be scheduled.

3. INCENTIVE TYPES, IF AVALIABLE

Up-front Incentives (UFIs) are those incentives, if available, where the Participant receives a one-time payment based on the DE system's designed capacity, or a one-time payment based on the first-year energy savings provided by the DE system. This type of incentive, if available, is applied to both non-residential and all standard residential installations. Residential incentives, if available, will be paid directly to the installer.

4. PROGRAM REQUIREMENTS

Requirements detailed in this Plan are designed to provide clarity for program Participants and DE developers, to increase the certainty of energy generation and, as a result, production of the RECs for APS's compliance with the RES, and to ultimately drive cost-effectiveness for the DE requirement in the RES.

4.1 General

This program is designed to facilitate Participant installation of DE resources to displace Conventional Energy Resource usage.[5] Systems must be located on the Participant's property.

[5] A.A.C. R14-2-1801(C) – ""Conventional Energy Resource" means an energy resource that is non-renewable in nature, such as natural gas, coal, oil, and uranium, or electricity that is produced with energy resources that are not Renewable Energy Resources."

All systems must be in APS territory. Gas customers within the APS service territory will only qualify for an incentive from one utility – to obtain a SWH incentive from APS, Participants must certify that they will only seek one incentive.

Funding is not guaranteed without confirmation of a reservation from APS. The Participant must follow the reservation procedure outlined in this Plan for APS to allocate incentive dollars, if available, for the specific DE system proposed. If a Participant is receiving electrical service from APS, the Participant must not be delinquent in payments to the Company before an incentive payment can be issued.

Specific funding allocations or funding cycles, if available, are used during any given year to implement the DE incentive program. Once funds have been exhausted in any one category or cycle, applications that were not funded may be put on a waiting list, or they may be considered in subsequent funding cycles during the same year. APS customers may only have one active application submitted per meter for a specific technology at any given time. No future request may be applied to that project or the same technology until the original request has expired.

4.2 Installation and Equipment Specifications

Systems receiving incentives under this program (if available) must be installed according to program requirements, including manufacturers' recommendations and generally accepted industry standards. Installation of the system must be completed by an installer meeting the requirements described in Section 5 of this Plan. In addition, the dealer for the system must meet the requirements described in Section 5 of this Plan. Other requirements which are applicable under this Plan include, but are not limited to, the following:

- The project must comply with all applicable local, state, and federal regulations.
- Installations must meet applicable governmental statutes, codes, ordinances, and accepted engineering and installation practices.
- Systems must be permitted with and pass inspection by the authority having jurisdiction ("AHJ") over construction projects in the Participant's locale, or, if the site is not governed by an AHJ, the Participant must provide a certification in lieu of AHJ clearance.
- .
- Domestic Solar Water Heater systems will be subject to an APS sponsored inspection to ensure that the installation meets the required guidelines.
- APS may request copies of any documents to assure compliance with government, institutional, or DE program requirements that are either explicitly or implicitly described by this Plan.

Distributed energy projects such as SWH systems are to be used to offset the Participant's load.

All major components of the DE system must be new and must not have been previously placed in service in any other location or for any other application. A DE system purchased and installed more than 180 days before the date that APS reviews the reservation request will not be considered "new" under this Plan. APS may consider exceptions to this timeframe when justified by the Participant in writing. The DE system must also comply with the technology-

specific criteria detailed below. When technology-specific criteria reference third party standards, the requirements of those standards are fully applicable.

The rapid growth in national and international renewable energy programs is resulting in greater need for the development of standardization in design, performance measurement, system integrity/longevity/maintenance, and installation techniques. New standards are likely to develop in the near future for technologies included in the DE program, and APS reserves the right to incorporate new standards into plan requirements as necessary and appropriate.

The following standards or standard development bodies are referenced as part of the technology specific criteria.

- The Active Solar Heating Systems Design Manual developed by the American Society of Heating, Refrigerating, and Air Conditioning Engineers, Inc. ("ASHRAE") in cooperation with the Solar Energy Industries Association ("SEIA") and the ACES Research and Management Foundation (the "Design Manual").
- Arizona state boiler regulations (A.A.C. R20-5-401 to R20-5-420).
- Select technology specific qualification requirements developed by Go Solar California ("GSC").
- Solar Rating and Certification Corporation ("SRCC"). The SRCC criteria and ratings can be viewed at www.solar-rating.org.
- The International Association of Plumbing and Mechanical Officials ("IAPMO"). The IAPMO ratings can be viewed at www.iapmo.org.
- American National Standards Institute ("ANSI")
- Nationally Recognized Testing Laboratory ("NRTL")
- The Underwriters Laboratory ("UL").

The technology standards are relied upon, in part, to develop a clear understanding of the DE system capacity, energy savings and expected energy production. Incentives offered under this program, if available, are based on these system parameters. Therefore, to encourage transparency in program transaction and clarity for Participants, current and accurate technology standards are fundamental to the program's success.

Some technologies included as DE under the RES tend to be designed as custom applications and vary from installation to installation. In other cases, technologies are generally standardized for all installations. In these situations, installation standards have been published under the end-use application. If no technology-specific standard is referenced, at a minimum, to qualify for DE incentives, an Energy Savings and Designed Output ("ES&D") report is required for non-residential installations as part of the reservation process.

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. The ES&D report shall provide a description of the system and major components, designed performance, system output, and a brief history of the components used in similar applications. If the system design differs from the recognized industry best practices, as described in the equipment qualifications listed in the Plan for the qualifying technology, the ES&D report must contain a certification that the system design is at least as effective as the

specified requirements. For residential new construction, only one ES&D report is required per technology for each floor plan offered in the development for which the incentive is being requested.[6]

Where the equipment qualifications detailed below are required for program participation, the technology specific installation guidance is provided to program participants to convey information on installation and operation practices that are most likely to achieve the DE 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 the Participant by their supplier, installer, or professional advisor. Although installation guidance is not currently mandated for a project to receive an incentive, the guidance does reflect both industry and utility concurrence on those practices that are important for a technology to best achieve the designed output. APS reserves the right to modify equipment qualifications and/or installation guidance if APS becomes aware that such qualifications or guidance results in unsafe conditions, provides inappropriate results for the customer, or is inconsistent with program objectives.

4.2.1 Non-residential Solar Water Heating

Equipment Qualifications

A complete ES&D Report must be submitted that includes certification that solar collector panels used shall have a SRCC OG-100 certification or laboratory documentation showing the panel energy output under controlled and replicable test conditions.

Installation Guidance

- The horizontal tilt angle of the collector panels should be between 15 and 60 degrees and the panel orientation should be between +/- 45 degrees of south.
- All systems should be installed such that the energy collection system is substantially unshaded, and systems should have substantially unobstructed exposure to direct sunlight between the hours of 9 am and 3 pm.
- Active, open-loop systems are not eligible for incentives except for active, open-loop systems that have a proven technology or design that limits scaling and internal corrosion of system piping, and includes appropriate automatic methods for freeze protection. Details disclosing conformance with this exception shall be submitted as part of the ES&D report or manufacturer's verification documentation.

4.2.2 Residential Solar Water Heating

Equipment Qualifications

[6] Any deviations from the standard floor plan that the ES&D report was originally approved for will require re-submission of an ES&D report.

- Domestic Solar Water Heating systems must be tested and certified to the OG-300 standard by the SRCC or an APS approved NRTL or ANSI and have a rating that is accompanied by the certified system design schematic.
- The 'high' temperature limit shall be set at a maximum of 160 degrees Fahrenheit.
- Contractors must provide a minimum five year equipment warranty as provided by the system manufacturer, including a minimum warranty period of two years for repair/replacement service to the Participant. The remaining operational life must be supported by a planned maintenance or equipment replacement schedule.
- Systems shall be selected and sized according to the geographic location and hot water needs of the specific application.
- Active, open-loop systems are not eligible for incentives except for active, open-loop systems that have a proven technology or design that limits scaling and internal corrosion of system piping, and includes appropriate automatic methods for freeze protection. Details disclosing conformance with this exception shall be submitted as part of the manufacturer's verification documentation.
- Integrated collector storage ("ICS") systems shall have a minimum collector piping wall thickness of 0.058 inches. Details disclosing conformance with this requirement shall be submitted as part of the manufacturer's verification documentation.

Installation Guidance

- All systems should be installed such that the energy collection system is unshaded, and systems should have substantially unobstructed exposure to direct sunlight between the hours of 9 am and 3 pm.

		Measured from North	Variation from South
Incentive (%)	Tilt (in degrees)	Azimuth (in degrees)	APS Azimuth (in degrees)
0	> 0	0-90	90-180
80	0-33	90-150	30-90
80	0-17	150-210	0-30
100	18-47	150-210	0-30
80	48-75	150-210	0-30
80	0-33	210-270	30-90
0	> 0	270-360	90-180

4.3 Inspections

All residential solar water heating systems will be required to pass program inspections. The systems will be examined to ensure the system is installed safely and according to the approved OG-300 standard installation guidelines. Payment of incentive funding is contingent on

successful passage of the APS inspections APS will conduct the inspection only after the system has passed inspection by the AHJ.

APS reserves the right to randomly select some DE Program installations whose systems will receive a maintenance inspection to field verify that the system is being operated in compliance with the terms and conditions agreed to in the Reservation Request and Credit Purchase Agreement and the requirements outlined in this Plan. The purpose of the maintenance inspection is to gather information that will assist APS in its evaluation of the effectiveness of the DEAP.

4.4 Metering and Meter Reading

All DE systems must include a system dedicated kWh meter, or meters, which allows for measurement of system energy production (the "Performance Meter"). The Performance Meter must be installed in compliance with the APS Electric Service Requirements Manual (ESRM) Section 300, which is available on APS's website, and must be installed so as to record the renewable energy A/C power output produced by the inverter or generator. If Performance Meter output data is used to calculate a PBI, other metering arrangements may be required depending on the configuration of the system. These arrangements may include wireless or telephone line telemetry at the customer's expense. The Performance Meters are in addition to the APS billing meter and must be appropriately identified as the "Photovoltaic, Wind, etc., Performance Meter." The Performance Meter must be calibrated to meet industry standards and must provide either direct kWh readings or readings which can readily be converted to kWh using standard engineering conversions. The Performance Meter is required to be located adjacent to the APS billing meter unless otherwise approved by APS.

In those circumstances where the DE system is a hybrid system (i.e., uses more than one technology), APS requires that a Performance Meter be in place to measure the kWh produced from each renewable resource so that the information can be accurately recorded.

APS may, at its discretion, install APS-owned Performance Meters for system monitoring purposes. A Performance Meter owned and read by APS may facilitate APS's ability to gather performance data and to report system performance to the Participant on their standard APS bill.

System generation (REC production) must be reported annually to APS for UFI Participants, unless other arrangements have been approved by APS or the ACC. Participants utilizing PBIs will be provided with monthly system production on a quarterly basis. The reported production is to be verified by the participant or authorized representative and returned to APS along with the REC documentation. Payment for system production will be made on a quarterly basis following APS's receipt of the REC documentation and production verification.

For compliance reporting purposes, all systems with a production meter installed on or before December 31 of the prior reporting year will be reported on actual production of the system. All systems with a production meter installed on or after January 1 of the current reporting year will be reported on an annualized basis determined based on the average production of the metered systems. If a system with a production meter fails to produce as expected, only actual energy produced will be counted towards compliance. For example: if a system is disconnected or a customer chooses not to repair a broken system, APS will only count the actual production.

4.5 REC Ownership

As part of APS's payment of a UFI, the utility will be given complete and irrevocable ownership of all RECs expected from system production for 20 years, the expected or planned effective life of the DE system. RECs provided to APS as a result of a DE system installation will be applied towards APS' RES targets.

4.6 System Maintenance

To ensure a system benefit received by the REC acquisition, APS requires that the Participant maintain and operate the DE system in APS territory for the specific duration detailed in the Reservation Request and Credit Purchase Agreement. If the DE system either needs to be removed from the Participant property or if it is no longer operational, the Participant must notify APS within five business days after the DE system is either removed from the property or is no longer operational. Short (those lasting less than one month) system "outages" as part of system repair or planned maintenance are anticipated as part of this program and need not be reported in accordance with the above requirement.

5. INSTALLER AND DEALER QUALIFICATIONS

The installer must possess a valid license on file with the Arizona Registrar of Contractors ("AZROC"), with a license classification appropriate for the technology being installed, or the installer must identify use of a contractor holding an appropriate license on file with the AZROC for the technology being installed.

If the equipment dealer is a party to the reservation request, 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 if the business license provided does not require liability insurance.

Installer has sole responsibility of informing APS in writing of any employee or company changes.

6. INCENTIVES, IF AVALIABLE

6.1 Funding Allocation

As described in historical RES Implementation Plans, the annual funding level for DE incentives has been established primarily based on previous year program installations and reservations with consideration for estimates of anticipated consumer demand for the various technologies, project sales and development time frames, variations in the levels of technology maturity, and availability of equipment for installation.

Funds, if budgets are approved, are made available for residential or non-residential project reservations on the first business day of the most current ACC approved budget.

As always, up-to-date incentive levels and budget status can be found on APS.com. The approved incentive budgets for 2014 are:

RESIDENTIAL UFI - $400K /NON RESIDENTIAL - $100K			
Technology	**Beginning Budget**	**Incentive Level**	**Notes**
Solar Water Heating (SWH)	$500K	$.30/kWh	Beginning September 1st. all remaining funds will be awarded first come first serve. Projects are capped at 50% of the total project cost

6.2 Incentive Principles

As part of this Plan, both residential and non-residential SWH systems are only eligible for UFIs.

6.3 Standardized Incentives

Incentives levels provided as part of this Plan were collaboratively developed, and, in part, were created to help or expand incipient markets for DE, taking into account each technology's specific market conditions, and placing a portion of the cost on the Participant. Incentive levels, if available, are provided in accordance with the applicable year project incentive, as outlined in Exhibit 1.

6.4 Taxes

Program participants are solely responsible for the payment of any and all taxes applicable to the DE resource and/or the incentive payment(s).

6.5 Assignment of Payment

Systems may be owned by third parties, and in the case of non-residential Participants, APS may make payments to such third parties upon the written consent of the Participant. Participants may assign payments to an installer, dealer, or developer. APS will consider assignment to other parties upon request by the Participant.

APS will automatically pay the REC incentive to the installer so as to buy down the cost of the system for the Participant.

6.6 Default

If the Participant fails to maintain and operate the DE system in APS territory for the period detailed in the Credit Purchase Agreement, which is never less than ten (10) years, the Participant shall be considered in default of the terms and conditions of the incentive payment agreement. Participants in default will be subject to damages and must reimburse the Program for all or a portion of the incentive(s) received to that point, subject to the terms of the Credit Purchase Agreement. The default terms in the Credit Purchase Agreement are designed to

reimburse the Program for environmental credits that were paid and/or accounted for through the full incentive term, but not received. This is especially important for UFIs where APS is entitled to 20 years of credits through the payment of one up-front incentive.

7. RESERVATION PROCESS OVERVIEW

PLEASE NOTE: For the residential incentive program, Installers, Dealers, Lessors, and utility customers/Participants must be registered with aps.com prior to requesting an incentive application. Furthermore, all applications must be within APS service territory. Gas water heater customers within the APS service territory will only qualify for an incentive from one utility. Participants with gas water heaters will be required to certify that they will apply for only one incentive.

Participant submits application to APS: The Participant must submit a signed application supplied by APS. APS will review the applications in the order received.

Executed Contracts: All program applications are required to be accompanied by a complete executed contract between themselves and the developer/contractor for the installation of the proposed renewable technology.

Participant receives reservation confirmation: After reviewing the application, APS will, based on funding availability, issue a reservation. APS will send a written confirmation to the applicant.

If the application is deficient in meeting one or more of the program requirements, APS will inform the Participant of the nature of the deficiency and may allow the Participant to correct the deficiency. If the application is denied because funding is not available, the request may be placed on a waiting list and APS will notify the applicant.

Participant (or applicable party) must submit a W-9: APS will require Participant (or applicable party) to submit a W-9 form. The W-9 must be completed and submitted back to APS prior to the final incentive payment. As a result, APS will issue the Participant (or applicable party) a 1099 to assist with the Participant's claim of the federal investment tax credit. Additional IRS forms may be required.

Credit Purchase Agreement: Non-residential participants must execute a Credit Purchase Agreement within 45 days of the date of the reservation confirmation from APS. At the time of application, the customer must also provide a complete executed contract between themselves and the developer/contractor for the installation of the proposed renewable technology. Residential Credit Purchase Agreements are executed at time of application (see section 2.4 for leased systems).

Proof of Advancement: The Participant may be required to submit Proof of Advancement (written progress report) to APS within 120 days of reservation approval for UFIs, and within 180 days of reservation approval for PBIs to retain the reservation. The purpose of the Proof of Advancement requirement is to ensure that reservation dollars are allocated to projects that will advance to the installation stage. Reservations requiring Proof of Advancement will be notified at the time of reservation approval.

Interconnection Application: Residential installer applications and 3-line site plan diagrams are submitted to APS. Non-Residential Interconnection Applications, along with AHJ approved drawings, must be submitted within 90 days for UFI and 120 days for PBI's, of reservation date.

Participant Proceeds with Installation: The Participant must obtain all required permits, and then proceed with system installation.

Grid-tied systems: Systems are required to pass an interconnection inspection that will be conducted by APS before the system can be authorized to operate in parallel to the APS grid. APS will conduct the interconnection inspection/ only after the system has been inspected by the AHJ or if APS has received a Letter in Lieu of Electrical Inspection. If the DE system passes the interconnection inspection, APS will provide the Participant with a written document that provides "Permission to Operate." If the DE system fails the interconnection inspection, the reservation can remain active, as long as the deficiency is remedied within the defined reservation timeframe.

Commissioning Packet: Participant must submit a signed Commissioning Packet supplied by APS. At a minimum, the Commissioning Packet will include certification from the installer/dealer and Participant that the system installed was consistent with the terms and conditions of the Reservation Packet and this Plan. If a material change was made between the time APS approved the reservation and the date APS received the Commissioning Packet, the Participant must complete an Amended Application. If the change increases the incentive amount the system is eligible to receive, APS will confirm that DE program funding is available. If funding is not available, APS will only provide an incentive in the amount requested in the Reservation Packet. Changes in the project plan that result in increased system output will only result in additional incentives beyond the original reservation amount if RES funding is sufficient/available.

All installations will be inspected. For systems receiving an incentive, the incentive payment will not be processed until after the system has passed the inspection and all applicable paperwork has been received.

APS sends incentive payment: For all up front incentives, APS will send the incentive payment or initiate incentive payments upon successful inspection and submission of all required documents, including but not limited to W9, final paid invoice, installation and equipment certifications.

8. EXTENSIONS AND CANCELLATION POLICY

A Participant will be notified of a reservation cancellation if all program requirements have not been met during the reservation timeframe. The reservation timeframe for UFIs is 180 days from the reservation confirmation date to final completion and/or interconnection. Upon APS's sole discretion, the Company may grant a 30 day extension following timely receipt of a Participant's request for extension, up to a maximum of three extensions. All extension requests must be received before the reservation expiration date. Requests must document justification for the extension and must detail one of the following: 1) delays caused by APS or affiliated parties, 2) outstanding AHJ requirements, or 3) documented limitations on available material resources for

the project where material orders occurred within the reservation timeframe. APS may request additional support for the Proof of Advancement to be considered the extension. The Company may approve written extension requests beyond 30 days only under extenuating circumstances. Current APS extension forms must be used to make a formal extension request located at APS.com/gosolar (located under 'Forms and Resources").

If a residential Participant changes installers, the Participant must reapply.

9. ENERGY REPORTING PROGRAM MONITORING

APS will track progress toward program goals on an ongoing basis to monitor program effectiveness and sufficiency of the funding allocation. APS will compile data received from conducting the conformance and maintenance inspections, meter readings, and analyze trends in Participant participation and technology installation. The data will be evaluated on an ongoing basis to better understand critical factors impacting the incentive structures and the overall effectiveness of this Plan. If the DEAP needs to be adjusted to reflect new information, changing market conditions, incorrect initial assumptions, or technological innovations, APS will bring those issues to the attention of the Commission in a timely manner.

APS will report on the productivity of all distributed resources on an annual basis. For PBI systems, APS will report on the actual metered production of each system as reported by the Participant and confirmed by APS. For systems receiving a UFI, APS will report on the total installed capacity and projected productivity. APS will develop a method by which to calibrate the reported productivity and shall monitor that method for long-term accuracy.

On occasion, a DE system which received a UFI will be removed from the Participant property prior to the end of its agreement term without the permission of the utility. Also, on occasion, a DE system, which had received a UFI, will be in need of repair which the Participant does not plan to complete. If either situation occurs, and if despite reasonable efforts on the part of the APS the Participant will not reinstall or repair the DE system, then APS will continue to reflect in its annual compliance reporting the annual historic energy production for the system until the agreement term for the system has been completed.

In addition, APS will monitor that specific Participant and property to ensure that an additional incentive is not provided for any new DE system on that property until the operational life of the incented system has been completed. APS will attempt to monitor the number of missing and unrepaired DE systems and shall summarize its observations in its annual compliance report.