



**RATE RIDER AG-X  
GENERAL SERVICE  
ALTERNATIVE GENERATION**

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AVAILABILITY

This rate rider schedule is available in all territories served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served.

APPLICATION

This rate rider schedule is available for Standard Offer customers who have an Aggregated Peak Load of 10 MW or more and are served under Rate Schedules E-34, E-35, E32-L, or E-32 TOU L. An aggregated group may also include metered accounts that are served under Rate Schedules E-32 M or E-32 TOU M, if the accounts are located on the same premises and served under the same name as an otherwise eligible Customer.

Customers must have interval metering, Advanced Metering Infrastructure, or an alternative in place at all times of service under this schedule. If the Customer does not have such metering, the Company will install the metering equipment at no additional charge. However, the customer will be responsible for providing and paying for any communication requirements associated with the meter, such as a phone line.

All provisions of the customer's applicable rate schedule will apply in addition to this Schedule AG-X, except as modified herein. Total program participation will be limited to 200 MW of customer load, 100 MW of which will be initially reserved for Customers with single-site peak demands of 20 MW or greater and with monthly average load factors above 70% unless not fully subscribed during the solicitation process.

DEFINITIONS

**Aggregated Peak Load:** The sum of the maximum metered kW for each of the Customer's aggregated metered accounts over the previous 12 months, as determined by the Company and measured at the Customer's meter(s) at the time of application for service under this rate rider schedule.

**Standard Generation Service:** Power provided by the Company to a retail customer in conjunction with transmission and delivery services, at terms and prices according to a retail rate schedule other than Schedule AG-X.

**Customer:** A metered account or set of aggregated metered accounts that meet the eligibility requirements for service and enrollment as an aggregated load for service, under this rate rider schedule.

**Generation Service Provider:** A third party entity that provides wholesale power to the Company on behalf of a Customer. This entity must be legally capable of selling and delivering wholesale power to the Company.

**Generation Service:** Wholesale power delivered to APS by a Generation Service Provider.



**Imbalance Energy:** For each Generation Service Provider, Imbalance Energy will be calculated by the Company as the difference between the hourly delivered energy from the Generation Service Provider and the aggregated actual hourly metered load for all Customers that have selected the Generation Service Provider under this rate rider schedule.

**Imbalance Service:** Calculating and managing the hourly deviations in energy supply for imbalance energy.

**Total Load Requirements:** The Customer's hourly load including losses from the point of delivery to the Company's transmission system to the Customer's sites for the duration of the contract.

#### CUSTOMER ENROLLMENT

The Company will establish an initial enrollment period during which Customers can apply for service under this rate rider schedule. If the applications for service are greater than the program maximum amount, then Customers will be selected for enrollment through a lottery process as detailed in the program guidelines, which may be revised from time-to-time during the term of this rate rider schedule. Otherwise, customers may enroll on a first come first serve basis. After the initial lottery, if necessary, customers who enter the program will not be required to participate in a subsequent lottery to remain in the program.

#### AGGREGATION

Eligible customers may be aggregated if they have the same corporate name, ownership, and identity. In addition, (1) an eligible franchisor customer may be aggregated with eligible franchisees or associated corporate accounts, and (2) eligible affiliate customers may be aggregated if they are under the same corporate ownership, even if they are operating under multiple trade names.

#### DESCRIPTION OF SERVICES AND OBLIGATIONS

The Customer must apply for service under this rate rider schedule.

The Company will conduct the enrollment process in accordance with the provisions of this rate rider schedule.

The Customer must select a Generation Service Provider to provide Generation Service in accordance with the timeline specified in the program guidelines

The Company must enter into a contract with the Generation Service Provider to receive delivery and title to the power on the Customer's behalf.

The Generation Service Provider must provide to the Company on behalf of the Customer firm power sufficient to meet the Customer's Total Load Requirements for each of the specified metered accounts, and will attest in its contract with the Company that this condition is met. For the purposes of this rate schedule, "firm power" refers to generation resources identified in



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Western System Power Pool Schedule C or a reasonable equivalent as determined by the Company.

The Company will provide transmission, delivery and network services to the Customer according to normal retail electric service.

The Company will settle with the Generation Service Provider for Imbalance Service and other relevant costs on a monthly basis according to the program guidelines.

The Generation Service Provider must bill the Company the monthly billed amounts for each customer for Generation Service and Imbalance Service according to the program guidelines.

The Company will bill the customer for the Generation Service Provider's charged amounts and remit the amounts to the Generation Service provider.

The customer will be responsible for paying for the cost of the power provided by the Generation Service Provider, as specified in the contract and this rate rider schedule.

APS will not propose a deferral of unmitigated costs resulting from AG-X, if any, and APS will not request recovery of any unmitigated costs resulting from AG-X, if any, in its next rate case.

DELIVERY OF POWER TO THE COMPANY'S SYSTEM

Power provided by the Generation Service Provider must be firm power as defined above and delivered to the Company at the Palo Verde network delivery point, or other point of delivery as agreed to by the Company. The Generation Service Provider is responsible for the cost of transmission service to deliver the power to the Company's delivery point.

SCHEDULING

The Company will serve as the scheduling coordinator. The Generation Service Provider must provide monthly schedules of hourly loads along with day-ahead hourly load deviations from the monthly schedule to the Company according to the program guidelines. Line losses, in the amount of 7%, from the point of delivery to the Customer's sites will be either scheduled or financially settled. Line losses will be modified to reflect transmission voltage service when applicable.

IMBALANCE SERVICE

The Company will provide Imbalance Service according to the terms and provisions below:

- i. Within the range of +/- 15% each hour or +/- 2 MW, whichever is greater, GSPs would pay based on Schedule 4 of APS's OATT which now reflects the terms of the CAISO imbalance charges.
- ii. Greater than 15 % each hour or +/- 2 MW, whichever is greater, in addition to the charges in ii) GSPs would pay a penalty of \$3 per MWh.



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- iii. In addition to the imbalance provisions described above, GSPs with 20% of hourly deviations greater than 20% of the scheduled amount occurring in a calendar month will receive a notice of intent to terminate the GSP's eligibility in the program unless remedied. Imbalances of this magnitude and frequency will be deemed "Excessive." Should Excessive imbalances occur again in a subsequent month, within 12 months from the date of the notice, the GSP's eligibility may be terminated. To avoid termination, a GSP must demonstrate to APS that it is operating in good faith to match its resources to its load. In the event of GSP termination, the Customer will be required to secure a replacement GSP within 60 days, and will be subject to the terms listed in "Default of the third party generation provider".

**DEFAULT OF THE THIRD PARTY GENERATION PROVIDER**

In the event that the Generation Service Provider is unable to meet its contractual obligations, the customer must notify the Company and select another Generation Service Provider within 60 days. Prior to execution of any new power contract, the Company will provide the required power to the customer, which will be charged at the Palo Verde Peak or Off-peak ICE ("Intercontinental Exchange") Day Ahead Power prices or its successor for the power delivery date plus \$10 per MWh not to be less than \$0 per MWh or at the applicable retail rate at the company's option. In addition, all other provisions of this rate rider schedule will continue to apply.

If the Customer is unable to select another Generation Service Provider within sixty days, the customer will automatically return to Standard Generation Service, and be subject to the conditions below.

**RETURN TO COMPANY'S STANDARD GENERATION SERVICE**

Customer may return to the Company's Standard Generation Service under their applicable retail rate schedule if: (1) they provide one or more years notice to the Company; or (2) if the Commission terminates the program. Absent one of these conditions, the Company will provide generation service to the Customers under the following conditions. The Company may elect to provide the customer with generation service at the Palo Verde Peak or Off-peak ICE ("Intercontinental Exchange") Day Ahead Power prices or its successor for the power delivery date plus \$10 per MWh for a period of time for the Customer to attain 1 year notice, at which time the Customer returns to the Company's Standard Generation Service under their applicable retail rate schedule. The returning customer must remain with the Company's Standard Generation Service for at least 1 year.

**RATES**

All provisions, charges and adjustments in the customer's applicable retail rate schedule will continue to apply except as follows:

1. The generation charges will not apply;



2. Adjustment Schedule PSA-1 will not apply;
3. Adjustment Schedule EIS will not apply; and
4. The applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder will be applied to the customer's bill.

Schedule AG-X charges determined and billed by the Company include:

1. A monthly administrative management fee of \$0.00180 per kWh applied to the customer's billed kWh;
2. A monthly reserve capacity charge of \$5.5398 per kW applied to 100% of the customer's billed kW (on-peak for Rate Schedules E-35 and E-32 TOU L);
3. Returning Customer charge, where applicable, as described herein;
4. Generation Service Provider Default charge, where applicable, as described herein.

These charges and other parameters will be re-evaluated in APS's next rate case, including whether AG-X should be evaluated as a separate customer class in the cost of service study.

Schedule AG-X Generation Service and Imbalance Service charges billed by the Company include:

1. Generation Service charges will be charged at a rate within the minimum and maximum limits as follows:
  - a. When the contract provides for pricing that reflects a specific index price, the minimum price will be the specified index minus 35% and the maximum price will be the specified index plus 35%. The determination that a contract is consistent with this provision will be based on the specified index price applicable on the date the contract is executed.
  - b. When the contract provides for a fixed price supply for the term of the contract, the minimum price will be the generation rate of the Customer's applicable retail rate schedule minus 35%, and the maximum price will be the generation rate of the Customers applicable retail schedule plus 35%. If the Customer has more than one otherwise applicable retail rate schedule, the highest applicable retail rate schedule will be used for purposes of the consistency determination. The determination that a contract is consistent with this provision will be based on the Customer's otherwise applicable retail rate schedule in effect on the date the contract is executed.



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- c. Losses from the delivery point to the Customer's meters and charges for transmission and distribution will not be included in the Generation Service charge for purposes of determining whether the contract is consistent with the minimum and maximum price provisions of this rate rider schedule, while Capacity Reservation Charge, the Management Fee, and Imbalance Service charges will be included in the Generation Service charge for purposes of determining whether the contract is consistent with the minimum and maximum price provisions of this rate rider schedule.
2. Imbalance Service charges will be charged at a rate greater than \$0.00 per kWh and less than or equal to the rate that the Company charges the Generation Service Provider for Imbalance Service as specified herein.

**CONTRACT TERM AND REQUIREMENTS**

The term of the contract with the Generation Service Provider must be for not less than one year and must include termination provisions to comply with Section IV under imbalance services, as well as general termination provisions should the program be discontinued at some point in the future.

The Generation Service Provider and Customer will enter into a contract or contracts with the Company, stating the pertinent details of the transaction with the Generation Service Provider, including but not limited to the scheduling of power, location of delivery and other terms related to the Company's management of the generation resource.

**CREDIT REQUIREMENTS**

A Generation Service Provider or its parent company must have at least an investment grade credit rating or demonstrate creditworthiness in the form of either a 3rd-party guarantee from an investment grade rated company, surety bond, letter of credit, or cash in accordance with the Company's standard credit support rules.