



## Temporary Suspension of Incentive Levels

### SRP Residential and Commercial Solar Electric Programs

#### Questions & Answers

SRP's popular rooftop solar energy incentive program for residential and small commercial customers has experienced an extremely successful year. In fact, the number of applications received for the EarthWise Solar Energy incentive program has already exhausted the funds set aside by SRP for this fiscal year. In order to continue to offer the incentive program to customers next year (which begins May 1, 2011), SRP is temporarily suspending the residential and small commercial incentive programs until May 1, 2011.

Below you will find answers to most frequently asked questions.

#### **Why did SRP suspend the incentive levels for these programs?**

At this time, the number of applications received by SRP for these programs has surpassed the 4.5 megawatt (MW) and 500 kilowatt (kW) caps that were established for all installations through April 30, 2011 for the residential and small commercial programs, respectively. While SRP recognizes that the demand for these programs has increased, it is imperative that SRP stay within its budget while keeping down costs for its more than 940,000 customers.

#### **Will SRP offer any incentives for residential and small commercial solar electric systems prior to May 1, 2011?**

During the interim time period from now until May 1, 2011 when the new budget and incentive levels will be announced, SRP has set aside funding for 1 MW of residential solar electric installations at an incentive level of \$1/Watt, up to 5 kW. In addition, SRP has set aside funding for 500 kW of small commercial solar electric installations at an incentive level of \$1/Watt, up to 30 kW. This will allow customers to move forward with a project should they decide to do so now, or they may wait until the next fiscal year when the incentive could be higher than \$1 per watt.

#### **Is SRP planning to cancel solar incentives permanently?**

No. SRP will be reevaluating incentive levels for our Fiscal Year 2012, which begins May 1, 2011, and will launch new residential and small commercial solar electric programs at that time.

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### **Is the large commercial solar program suspended?**

No. Large systems between 30 and 300 kW in size will continue to be incentivized under the production-based incentive program based on the amount of energy they produce. SRP has set aside funding to accommodate 5 megawatts (MW) of PBI installations through April 30, 2011. This participation cap has not yet been exhausted.

### **Are SRP's solar water heater incentive levels affected?**

No. The residential and commercial solar water heater incentive levels will remain unchanged.

### **I already submitted a solar electric application. Do I still qualify for an incentive?**

SRP will honor reservations at the previously advertised incentive level (\$2.15/W for residential systems and \$2/W for small commercial systems) for customers that had complete application packets in SRP's possession prior to the announcement on October 4, 2010. For residential customers, a complete application packet includes a complete application form that has been signed by SRP's customer of record, a three-line electrical diagram, a site plan, and an installation quote. For commercial customers, a complete application packet includes a signed copy of the completed application agreement, a signed bill of sale, a signed contractor or letter of intent, a copy of the company's W-9 form, and a copy of the customer's most recent SRP bill.

### **How are the solar electric programs funded?**

The funding for our solar programs comes from SRP's Environmental Program Cost Adjustment Factor (EPCAF). The EPCAF is an element of the energy charge paid by residential and commercial customers that funds investments in renewable generating resources as well as energy-efficiency programs. This is a per-kilowatt-hour charge collected from all customers at a flat rate of \$0.0027/kWh.

### **How many customers received solar incentives this fiscal year?**

More than 1,600 residential customers and 100 commercial customers will benefit from the solar electric incentive programs this fiscal year. Since the program began in 2004, more than 6,200 customers have participated in the programs, and more than \$54 million has been budgeted to fund rooftop solar systems. In fact, SRP has currently provided or reserved incentives for 27MWs of solar energy from customer solar electric systems.

### **What is SRP's commitment to renewable energy?**

SRP continually evaluates ways to expand our use of environmentally sensitive supply- and demand-side options, explores additional ways to displace the use of fossil fuels, and provides opportunities for the introduction of new technologies and ideas.

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SRP's Board of Directors has established a goal that 15% of our retail sales will be met by sustainable resources no later than 2025. Currently the sustainable portfolio is at 7.5 percent, which is ahead of schedule.

**What is SRP's commitment to solar energy specifically?**

SRP's commitment to solar remains strong. In addition to rooftop installations, SRP is focusing on lowering the cost of renewable solar energy available to customers by investing in large scale solar photovoltaic solar plants utilizing proven technologies located within SRP's service area.

SRP recently announced plans for 20-megawatt and 5-megawatt solar photovoltaic plants to be built in the far East Valley. These plants will be a part of the SRP Community Solar program, which is expected to be unveiled early next year. The program will allow residential customers and public schools in SRP's service territory, who may not have the ability or desire to invest in rooftop structures, to purchase energy from a solar photovoltaic power plant to be built in 2011.

SRP is also planning for 100 megawatts of electricity generated from solar photovoltaic power plants, preferably located somewhere in the greater Phoenix metropolitan area. A request for proposal has been submitted to add up to a total of 50 megawatts of ground mounted PV capacity in 2012 and up to an additional 50 megawatts in 2013.

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