

City of Redding Electric Utility
Solar Photovoltaic (PV) Performance Based Incentive (PBI)
Letter of Agreement with Customer-Generator
(Effective through 09/30/10)

This Letter of Agreement (LOA) between the City of Redding Electric Utility, herein referred to as (REU) and _____ herein referred to as (Customer-Generator) located at (address) _____, COR account number _____ outlines REU's Solar Photovoltaic Performance Based Incentive (PBI).

The REU - PBI program guidelines are as follows:

- Rebates for all Photovoltaic Solar projects of ten kilowatts (10 kW) up to one megawatt (1 MW) will be paid out by REU as a Performance Based Incentive (PBI). All PBI customer-generators must also complete and execute a City of Redding Electric Utility Solar PV Interconnection Agreement.
- The kilowatt hourly (kWh) PBI will be paid on PV systems with a capacity of 10 kW or larger over 60 monthly installments within approximately 30 days of the PV system's latest meter read during the first five-year life of the PV plant.
- All pre-approved PBI customer-generators must pull a City of Redding Building permit to lock-in the project's PBI rate. From the time/date the customer-generator's City of Redding Building permit is pulled, the customer-generator has up to 180 days to complete the project, and receive a successful City of Redding Building Department final inspection. Customer-generators who do not successfully complete their PV plant project within the 180 day period established for PBI projects, may be subjected to PBI de-escalation (seven percent).
- In accordance with Senate Bill 1 (SB1), REU's PBI will de-escalate seven percent (7%) each year on January 1st through December 31, 2016 at which time utility solar rebates (including REU) will no longer be offered, as required under the provisions of the SB1 legislation. Once a PBI is established, that level of PBI is locked in at the applicable current year's PBI for the full five year (60 month) term of the incentive.
- Once a customer PBI is established, that PBI level/rate is locked in through the term of the customer-generator's 60 month PBI agreement with REU, unless:
 - The customer-generator does not receive a successful final inspection from the City of Redding Building Department before the 180 day PBI rate lock expires, and that period falls after January 1st of the following year (between 2009 -2016). In that instance and that instance only, a customer-generator's locked in PBI will be subject to seven percent de-escalation. It is extremely important that customer-generators complete their respective projects within the 180 day period.
- REU's current PBI rate is **\$0.35 per kWh (through September 30, 2010)** – paid out monthly to customer-generators for real-energy over real-time over five years (60 months).

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REU's PBI funds are subject to availability, therefore, future PBI applications may be denied/precluded by existing Letter of Agreements. PBI customer-generators whose projects have been pre-approved by REU (executed Letters of Agreement) are guaranteed funding based upon the locked-in PBI rate, as agreed upon in the terms of said customer-generators Letter of Agreement.

REU PBI encumbrances will not exceed REU's projected revenue over the ten-year life of the SB1 program (scheduled to sunset December 31, 2016), and may be adjusted prior to SB1's mandatory, annual seven percent calendar year de-escalation, if demand for PBI funding exceeds projected revenue collections. If you have concerns or questions regarding REU's SB1 program and its PBI funding availability, prospective customer-generators are encouraged to contact REU's Solar Coordinator at (530) 339-7300.

To qualify for REU PBI eligibility:

- The entire PV array of panels must be kept free of shading, and the system must meet all City of Redding Building Department and National Electric code standards, as well as REU standards for safety and efficiency.
- All REU PBI customers must also complete and execute REU's standard Interconnection Agreement to be eligible for PBI.
- All PV equipment must be approved and listed on the California Energy Commission's eligible equipment list, which is inherently required to carry a ten-year warranty.
- All PV equipment must be insured. Proof of property owner's insurance must be renewed and verified annually for the full five-year (60-month) term of the PBI.
- REU's PBI will be paid on electrical generation metered by an REU (+/- 2%) accuracy meter. Generation meter will be installed at the expense of the customer-generator. All PV systems receiving PBI must have a five-year (60-month) service contract with a performance monitoring and reporting service (PMRS).

* REU's PBI may be paid to third party developer or financier, only with the written consent and signed authorization of REU's host site Customer-Generator.

**REU Solar Photovoltaic (PV) Performance Based Incentive
Letter of Agreement with Customer-Generator**

IN WITNESS WHEREOF, City and Customer-Generator have executed this Letter of Agreement on the days and year set forth below:

**City of Redding,
A Municipal Corporation**

Dated: _____, 2010

**By: PAUL HAUSER
Electric Utility Director**

ATTEST:

APPROVED AS TO FORM:

**RICHARD A. DUVERNAY
City Attorney**

PAMELA MIZE, City Clerk

By:

CUSTOMER-GENERATOR

Dated: _____, 2010

By: