

GRU Administrative Guideline

TOPIC: Solar Electric Photovoltaic (PV) Feed-In Tariff
EFFECTIVE: March 1, 2009
REVISION: March 1, 2009
DEPARTMENT: Strategic Planning

GENERAL

Program Overview

The intent of the Solar Feed-In Tariff (FIT), also known as a solar energy purchase, is to provide a standard offer (non-negotiated) contract to those wishing to install solar photovoltaic (PV) generation and sell the energy to Gainesville Regional Utilities (GRU). GRU will purchase 100% of the net energy produced by the PV system at a fixed rate per kilowatt-hour for a contract period of 20 years. The fixed rate that is paid depends on the year and the type of project that is put into service, and follows the schedule implemented in Chapter 27 Appendix A of the City of Gainesville Code of Ordinances, as may be amended from time to time. The contract between GRU (as Buyer) and the solar photovoltaic system owner (as Seller) is known as the Feed in Tariff Solar Energy Purchase Agreement (or SEPA).

Note that although the City Commission has the right to change the ordinance at any time, it does not, however, have the ability to change the terms and conditions of an executed agreement. As the program progresses, staff will evaluate cost data and determine if pricing in later years is still valid. Any pricing changes for future contracts will be adopted by the Gainesville City Commission by ordinance.

Correspondence or inquires related to this program should be directed to the:

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Order of Precedence

In the event of any inconsistent or incompatible provisions, the applicable ordinance from the City of Gainesville Municipal Code takes precedence, followed by the provisions of the SEPA, and then by this policy document.

Applicability of Rates

In Chapter 27 Appendix A, there are two FIT rates: a building or pavement mounted system rate and a free standing (non-building or non-pavement mounted) "greenfield" system rate.

For the purpose of the FIT program, a “building” is defined as a permanent structure with a foundation, walls, and roof intended for human occupancy or the storing of goods, and “pavement” is defined as a concrete or asphalt surface permitted by the local development authority for parking or traffic conveyance in accordance with all local development design regulations such as, but not limited to, storm water management, setbacks, traffic flow, pedestrian access, and landscaping.

Participant Requirements

A signed and executed SEPA is required for participation in the FIT program. Execution requires that the system design be approved by the GRU Energy Delivery Department before it can be executed. The SEPA contains terms and conditions related to pricing, ownership of environmental externalities, requirements for interconnection to GRU’s distribution system, operation of the facilities, insurance and other commercial aspects of the energy purchase. The correct and current form of the contract will be posted on GRU’s web site.

Eligibility

To be eligible to participate in the FIT program, a solar photovoltaic project must lie within GRU’s electric service territory, have capacity reserved for the project (see **Capacity Queue Management** below), and be approved by GRU engineering staff. A PV system owner does not need to be a GRU customer to be eligible for the Solar FIT. Both residential and non-residential customers are eligible for the FIT. Any system that has previously received a rebate or entered into a net metering program is not eligible.

PROCEDURES

Capacity Queue Management

The following guidelines related to capacity management have been established in the exercise of authority granted to the General Manager by the Charter of the City of Gainesville.

A capacity limit of 4 megawatts (DC) per year was instituted by the City Commission for each calendar year that the program is active. Of this 4 megawatts total, only 1 megawatt (DC) of ground-mounted “greenfield” systems is allowed in the queue for any particular year. The following guidelines have been developed to manage the application process and administer the Solar FIT program.

Applications can be submitted at any time. Once a project application is accepted as complete, with all required forms and documents submitted (see **Application Submittal** below), the project is assigned a capacity reservation on a first-come, first-served basis. This assignment is herein called the “queue”. In the event that all of the capacity for the current (active) year becomes assigned, projects will be assigned capacity for the following year(s), subject to availability. Once a project has been assigned a place in the queue, the project owner will be notified in writing regarding the successful acceptance of the application and the project’s position in the queue.

Should any project be dropped from the queue, the Applicant for the project next in line shall be contacted and given the option to have their project moved up to fill the

available slot. If an applicant does not wish to have the project advanced to an earlier queue position, the project will remain at the same point of time in the queue. The available slot will then be offered to the next project in the queue in a similar fashion, until the available slot is filled.

Early Project Completion for Systems with a 2010 Capacity Reservation

Projects with capacity reserved in the 2010 calendar year queue that have obtained GRU engineering approval may be completed at the applicant's discretion in 2009 prior to receiving the FIT tariff. There are two options under this scenario – one in which the Project begins producing solar energy before January 1 2010 and one in which the project is completed after January 1, 2010. Article 4.3 of the SEPA requires that the option selected be indicated as part of the agreement. Under the first of these two options, the Seller will be paid at GRU's System avoided cost (defined in Chapter 27, Appendix A, City of Gainesville Municipal Code) until the first meter reading in January 2010, and at the assigned FIT tariff rate (as stated in the executed SEPA) thereafter, provided all the requirements for project acceptance are met. The "avoided cost" rate is defined as the sum of the prevailing electric fuel adjustment rate, plus 6.5 mills, per kilowatt-hour.

These projects must be configured in a standard FIT interconnection (feeding directly into the GRU distribution grid), and will receive payment for 100% of the solar energy delivered to GRU. GRU will make every attempt to read the meter for the installed project in the first few business days after January 1, 2010.

If a project is installed in a net-metering configuration (with the PV panels feeding the customer side of the meter), that project is not eligible for the feed-in tariff program at any time in the future.

Queue Expiration Periods

Three deadlines exist in the capacity queue designed to expedite active projects and eliminate stalled and abandoned projects from the queue. This allows the available capacity to be re-allocated in a fair and efficient manner if an applicant is unable to complete a project in a timely manner. Failure to meet any of these deadlines is sufficient cause for the project to be disqualified and purged from the capacity queue. In order to have the project reconsidered for participation in the FIT program, a new application must be submitted. The new application will be subject to the same rules and processes applicable to all new applications, and, specifically, will not receive preferential placement in the queue.

PROCESS

Process Steps

A seller must complete the following nine steps in order to remain qualified for the Solar FIT program and before receiving any payment for energy produced. These steps are described in more detail below.

- 1) Complete application submittal and acceptance;
- 2) Receiving engineering approval of the project;

- 3) Execute the SEPA;
- 4) Meet system upgrade payment obligations;
- 5) Purchase all equipment within 60 days of SEPA execution;
- 6) Complete project construction within 120 days of SEPA execution;
- 7) Pass all applicable codes enforcement inspections;
- 8) Pass GRU system audit and be interconnected to the distribution system; and
- 9) Provide documentation of final system cost and capacity

Failure to complete any step within its associated deadline is cause for the immediate dismissal and termination of the application. Such a termination will forfeit the project's place in the capacity queue. However, the specified expiration periods may be extended under certain conditions as described below.

The applicant is strongly encouraged to work with the city or county planning department to verify proper zoning and satisfy planning requirements as soon as they are able to. Zoning, land use and development review may cause project delays that the applicant should be well aware of before proceeding with the project. GRU is not liable for any delays due to city zoning or permitting issues.

1) Application Submittal

An application is not considered complete until all forms and documents have been submitted to the Solar Program Coordinator or designee, who will timestamp the application upon acceptance and send a letter of acceptance to the applicant.

Documents required for a complete application submittal include:

1. Completed "Exhibit I" (Section One) and "Exhibit IV" of Attachment "A" of the SEPA, including a sketch of the proposed system.
2. Written documentation from the owner of the property where the system is to be installed that verifies that the seller has rights to use of the property for installation. If the property is owned by seller, seller must provide proof of ownership.
3. Proof of installer qualifications, including appropriate licenses and certifications, as required by Attachment A of the SEPA.
4. GRU Vendor form (required for GRU Accounts Payable Department).
5. Internal Revenue Service Form W-9 for federal tax reporting.

Upon acceptance of the completed submittal packet, the Seller's project is placed in the capacity queue (see Capacity Queue Management section of this document). If the project is placed in the 2009 queue, it is considered active and the Seller has 60 days to complete Engineering Approval. Applicants in the 2010 queue may opt for early installation beginning after July, 2009, and must follow the rules and guidelines applying to early project completion (see Early Project Completion for Systems with a 2010 Capacity Reservation, above). Otherwise, a project in the 2010 queue or any calendar year thereafter will remain inactive until January 1 of the year in which capacity is queued.

Activating a Project Queued in Calendar Years After 2009. Except for the special case of 2010 queue projects approved for early implementation, projects cannot be activated until their assigned queue year. Once a queue year has begun (January 1 of the queue

year), the Seller must activate the project by March 31 of that year. This is accomplished by contacting the Solar Program Coordinator (by email or in writing) with the request to activate the project. Once this request is made by the Seller, the Solar Program Coordinator will issue a letter of activation to the Seller and include contact information designating the engineering staff assigned to evaluate the Seller's project. The seller then has 60 (sixty) calendar days to obtain engineering approval for the Facility. Extensions will only be granted if GRU is the cause of delay, and must be received in writing from the Solar Program Coordinator. The applicant should be investigating any zoning or permitting issues with the local code enforcement agencies. *It is then the Seller's sole responsibility to initiate contact with the assigned Engineering staff and to coordinate with engineering staff until the project obtains engineering approval.*

Note that if a project is advanced (i.e., moved up in the capacity queue) due to a preceding project's removal from the queue, the advanced project is considered active upon written acceptance from the applicant of the offer for queue advancement that will be offered by GRU. Once active, it is the Seller's sole responsibility to initiate contact with Engineering and meet all subsequent process deadlines.

2) Engineering Approval

Upon acceptance of the submitted complete application packet, the Solar Program Coordinator will notify the applicant in writing of their acceptance and provide them with information for the appropriate contact in the Engineering section of the Energy Delivery Department. Applicants are strongly encouraged to contact Engineering in a timely manner to discuss the project and schedule any site visits that may be necessary.

It is in the best interest of the applicant to have the party directly responsible for the technical aspects of the project, such as electrical design of the PV project, contact GRU Engineering staff directly and as soon as possible.

The GRU Engineering contact will review the applicant's project for compatibility with GRU's distribution system. Engineering will identify any distribution system upgrades required of the applicant's project. If these upgrades are identified, the applicant will receive an invoice listing equipment upgrades and the estimated costs associated with their implementation along with the approval of Attachment A of the SEPA.

Payment for GRU System Upgrades. It is the responsibility of the project applicant to pay the actual costs for any GRU distribution system upgrades needed to accommodate the project. No modifications to GRU's electrical distribution system will begin until these costs are paid in advance. **NO SYSTEM WILL BE ALLOWED TO CONNECT TO THE GRID WITHOUT THE NECESSARY MAKE-READY WORK HAVING BEEN COMPLETED.**

3) Contract Execution

Upon Engineering approval and the applicant's agreement to pay any invoiced costs, the SEPA will be signed and executed by both parties.

Once the SEPA is executed, the applicant has two deadlines to meet:

1. The Applicant has 60 days from the date of SEPA execution to commit to purchase, by contract, purchase order, or payment, the equipment needed to construct the Facility. If documentation to this effect is not provided to the Solar Program Coordinator, the SEPA may be terminated. A time extension under extenuating circumstances may be granted if requested prior to the termination date of this requirement (see Article 11.1 of the SEPA).

2. The Applicant has 120 days from the date of SEPA execution to complete the construction of the project and enter into operation. Failure to do so will result in termination of the project. A time extension under extenuating circumstances may be granted if requested prior to the termination date of this requirement (see Article 11.2 of the SEPA). FAILURE TO PAY IN ADVANCE FOR CONSTRUCTION OF FACILITIES ON BUYER'S SIDE OF THE POINT OF INTERCONNECTION AND SETTLE FOR ACTUAL COST AS MAY BE REQUIRED PURSUANT TO SEPA SECTION 3.5 OF ATTACHMENT A COULD MATERIALLY AFFECT THE ABILITY TO COMPLETE THE PROJECT.

4) GRU's Distribution System Upgrade Obligations

Once the SEPA has been signed, GRU will undertake any system upgrades that were identified in the Engineering review. Please note again that it is the responsibility of the applicant to pay any outstanding cost obligations related to the upgrade before the project may become operational. GRU UPGRADES WILL NOT COMMENCE UNTIL THE INVOICE FOR THIS WORK IS PAID IN FULL (SEE SECTION 3.5 OF ATTACHMENT A OF THE SEPA).

5) Equipment Purchase

All project equipment must be purchased within 60 days after contract execution. In this context, purchase is defined as committing to acquire the facilities by contract, purchase order or payment – they need not be on site to meet this requirement (see Article 11.1 of the SEPA).

6) Project Completion

The facility is fully constructed, ready to operate, and ready for codes enforcement inspection and GRU system audit.

7) Codes enforcement

The applicant (or the applicant's contract is responsible for pulling all necessary permits and scheduling inspections applicable to the project in the political jurisdiction in which the project is located. These must be completed prior to GRU's facility audit and meter installation.

8) GRU Project Audit and Acceptance

Once the PV project is completed, the applicant must contact the GRU Solar Program Coordinator to schedule an acceptance test. GRU Energy Delivery staff will inspect the project to verify compliance with all terms of the interconnection requirements stated in

the SEPA. Once the system is accepted by GRU, a revenue-grade meter will then be installed by GRU, and the system will be connected to the electric distribution system. Each system will incur a monthly service charge to cover the cost of the meter, reading the meter, issuing payment, and other administrative costs. Charges are defined in Chapter 27, Appendix A, City of Gainesville Municipal Code. This monthly charge will be deducted from the monthly payments the seller receives from GRU.

9) System Documentation

Pursuant to SEPA Article 2.6 documentation of the final system cost and capacity of the installed Facility must be provided before any payments will be made.

ADDITIONAL GUIDELINES:

- A change in location, a material increase in installed capacity, or a change in project owner(s) before project completion shall constitute an abandonment of the project. For the purpose of this guideline, the owner is defined as the entity making the initial application.
- Engineering design changes are permitted as long as the installed capacity is not materially increased. Changes in project personnel (consultants, subcontractors, employees, etc.) are permitted.
- Applications will be reviewed for completion in the order they are received. Incomplete applications will not be formally accepted or time-stamped, nor will capacity be reserved for them, until such time as they become complete.
- **Completed** applications will be accepted in chronological order and capacity in the queue reserved on a “first-come, first-served” basis.
- Payments under the FIT will be made monthly to the party named as Seller in the SEPA. GRU will not issue multiple checks or otherwise divide the monthly payment.
- The SEPA is transferable after project completion, and can be terminated by the Seller at any time if they choose to do so for any reason. Once the SEPA is signed, GRU is committed to the 20-year contract term.
- The physical size and location of the project, and the project’s point of interconnection to GRU’s distribution system, may not be altered from that indicated in the SEPA without voiding the contract.
- A separate unique meter will be put in place for every project. GRU will provide this meter and read it monthly subject to a monthly customer charge as noted in **Installation and Acceptance** above.
- All environmental attributes of the solar energy (carbon credits, renewable energy credits, etc.) are purchased with the energy and become the property of GRU.

APPROVED BY

Robert Hunzinger
General Manager