

24. SOLAR INCENTIVE PROGRAM II

A. General

California Senate Bill 1 requires publicly owned utilities that sell electricity at the retail level, to adopt, implement, and fund a solar incentive program for the purpose of investing in, and encouraging the increased installation of residential and commercial solar energy systems on or before January 1, 2008. Publicly owned utilities shall offer monetary incentives for up to the first megawatt of alternating current generated by an eligible solar energy system, within certain limitations, of at least \$2.80 per installed watt or at a rate determined by the publicly owned utility's governing board. The Utility has sole discretion to change the rebate rate or to cancel the Solar Incentive Program at any given time.

After December 31, 2017, Island Energy's incentive rate of Solar Incentive Program has sunset to \$1.00/installed Watt and the Solar Incentive Program has come to an end. In a continued effort to encourage residential solar installation on Mare Island, a successor program, the Solar Incentive Program II is adopted on July 1, 2017. The Solar Incentive Program II is available to residential solar installations only and the maximum amount of any application is capped at \$5,000.

B. Program Eligibility and General Requirements

1. Solar Program Incentive will be made available to all residential customers who take electric service from Island Energy on Mare Island on a first come first serve basis.
2. All PV solar systems receiving incentives from Island Energy must be connected to Island Energy's distribution system, with the provision that all applications are approved by the utility and shall be consistent with the California Energy Commission's rules for customer generating facility interconnections.
3. All photovoltaic ("PV") solar systems installed within the utility's service area on Mare Island must be installed in conformance with the manufacturer's specifications and in compliance with the utility's engineering criteria for interconnection to the utility's electric distribution system and all applicable electrical and building code standards.
4. The solar energy system should be located on the same premises where the consumer's electricity demand is located. A customer cannot interconnect a solar-electric system to Island Energy's distribution system without an executed Interconnection and New Metering Agreement (if the total rated generating capacity used by Eligible Customer-Generators is less than 5 percent of Utility's aggregate customer peak demand) or Interconnection and Exported Renewable Energy Agreement (if the total rated generating capacity used by Eligible Customer-Generators exceeds 5 percent of Utility's aggregate customer peak demand) allowing the interconnection to proceed.
5. All components in the solar energy system must be new and unused and have not previously been placed in service in any location and for any other application. All solar energy system must have a minimum 10-year warranty to protect against defects and undue degradation of electrical generation output.
6. Eligible solar technologies must primarily generate electricity. "PV" refers to flat-plate non-concentrating photovoltaic modules, and "other solar electric generating technologies" refers to all solar electric generating technologies except flat-plate non-concentrating photovoltaic modules.
7. All major solar energy system components eligible for Public Benefits Fund under SB1 shall be included on the Energy Commission's Eligible Equipment Lists. This includes PV modules, other solar electric generating technologies, inverters, and meters. Information on solar energy system components can be found at <http://www.GoSolarCalifornia.org>.

8. The solar energy systems receiving monetary incentives are intended primarily to offset part of the consumer's own electricity demand. The solar system must produce at least 1 kilowatt (kW) and no more than 1 megawatt (MW) alternating current rated peak electricity, accounting for all system losses, and meet or exceed the eligibility criteria established in this Tariff.

C. Program Participants

1. Host Customer

The Host Customer is the owner or tenant of the premises where the PV solar system will be installed. The Host customer must have a valid utility account with Island Energy at the time the application is submitted.

2. System Owner

The System Owner is the owner of the PV solar system at the time the incentive is paid. In the case of third-party-owned (or leased) system, the third party is the system owner.

3. Program Applicant

The program applicant may be the Host Customer, the System Owner or an assigned designee such as the Installer or Solar Panel Seller. While the applicant is the primary contact for the Solar Incentive Program application process, the system owner remains the legal party to the PV solar system during the life span of the system unless the Host Customer elects to purchase the PV solar system for its residual value during the life time of the system.

D. Program Installer

All eligible PV solar systems shall be installed by individuals with a current A, B, C-10, or C-46 contractor license. Roofing contractors with a current C-39 license may place PV panels in accordance with the limitations of their license; however, electrical connections shall not be made by a roofing contractor. Installation by certified installers is encouraged, though not required. Systems may be self-installed by the purchaser.

The utility will conduct system inspection visit in order to verify that the system is installed as represented in applications, are operational, interconnected and conform to all utility criteria. The utility reserves the right to disqualify installers from future program participation for failed inspections due to gross negligence, fraud, or uncorrected mechanical failures.

E. System Sizing

Solar customers may size their solar systems to offset up to 100% of their annual electricity usage. The utility evaluates solar system size based on the customer's historical load of the previous 12 months. The utility will not provide a rebate for the oversized portion of a solar system.

F. Incentive Assessment and Structure

1. For PV solar systems installed at residential premises, the utility will provide an incentive at a value of \$1.00 per installed watt rebate, up to \$5,000 or 50% of the installed cost for each installation, whichever is less, subject to funds available under the Public Benefits Program, with the customer being responsible for all other costs of installation, including the required meters;

2. The utility uses the California Solar Incentive's (CSI) Expected Performance Based Buy-down (EPBB) calculator for PV system under 30 Kilowatts (kW) and Performance Based Incentive (PBI) calculators for system 30 kW and above as reference to determine rebate amount. The EPBB incentive is a one-time payment paid at the time the system is

installed and inspected by the utility and the payment is based on expected electrical output of the solar system. The PBI incentive is paid on a fixed dollar per kilowatt-hour of metered electrical output of the solar system over the course of five years. The EPBB and the PBI payment are intended to be financially equivalent.

Timeline	FY 2017-2018	FY 2018-2019
Incentive Rate	\$1.00/Installed Watt	\$1.00/Installed Watt

3. Additions to existing system are only allowed for systems that met program requirements at the time of installation. The newly added generating equipment shall be selected from the current lists of eligible equipment and meet the current requirements, including the requirement for a 10-year warranty. All of the current program eligibility criteria and documentation requirements apply to the added equipment.

4. The Solar Incentive Program II rebate is intended and limited for residential electric retail customers who install PV systems on their premises within the utility's services area. No rebate will be available for PV solar system installed by developers who build, construct, retrofit or rehabilitate real property for the purpose of resell or lease.

5. All rebate amounts offered shall be effective for 180 days from the time stamp on the customer's approved application. If a customer has not proceeded with the PV installation within 180 days of application approval the utility will assume the customer has abandoned the project and the approved application will expire, and offered rebate amount will be made available to other customers. The customer may reapply after the 180 days has expired.

6. For PV solar system smaller than 30 kW, rebate payment will be made to the Host Customer, the System owner or a designated third party as indicated on the Island Energy Solar Incentive Program Application Form.

7. For PV solar system 30 kW and above, the incentive is paid monthly over a 5-year term based on the actual energy generated. The system owner must provide monthly production data to the utility for calculation of the performance based incentive up to five years, or until reach the \$50,000 rebate cap for commercial solar application

G. Site Inspection and System Verification

To be eligible for the Solar Incentive Program rebates, all Host Customers, System Owners and all Applicants must agree to provide Island Energy access to the site and any available data and information collected on the system for a period up to 10 years.

Island Energy will conduct site inspection to verify solar systems are installed as represented in applications, are operational, interconnected and conform to the eligibility criteria of the Solar Incentive Program before the system can be energized.

H. Ownership of Environmental Attributes

The System Owner shall assign the utility any and all environmental attributes, including but not limited to renewable energy credits, green tags and carbon credit/allowances generated by the PV solar system that receives rebate on during the entire lifetime of the PV Solar system. The utility shall have sole discretion and full benefits of any and all environmental attributes, renewable energy credit, carbon credit/allowances and energy deduction with respect to the system that received rebate from the utility.

I. Net Energy Metering Program and Exported Renewable Energy Program

Before July 1, 2016, the total rated solar generating capacity installed by Eligible Customer-generators exceeded the 5% threshold of the Utility's aggregate customer peak demand and the

Utility closed the Net Energy Metering Program. Customers who have previously been approved for the Net Energy Metering Program remain eligible for the program. Customers who move into premises with a system previously been approved for the Net Energy Metering Program are also eligible for the program providing they sign the interconnection and Net Energy Metering agreement. Increase in the generating capacity of systems eligible for the Net Energy Metering program is not permitted.

After July 1, 2016, the successor program Exported Renewable Energy Program is available to solar customers where a new system would be installed. Solar customer-generators who are on the Exported Renewable Program will be compensated for their exported solar power at the average annual energy purchase price determined by the Utility's annual Rate Case. For program details please refer to Rate Schedule ERE.

The below table illustrates the differences between the two Programs.

Net Energy Metering (NEM) Program	Exported Renewable Energy (ERE) Program
<ul style="list-style-type: none"> • Full retail credit for excess solar generation during a 12-month cycle • Allow to bank excess solar generation credits of a 12-month cycle • Energy net surplus compensated at annual energy acquisition rate at the end of a 12-month cycle • Monthly meter service fee applied • Public Benefits Charge billed on annual net consumption 	<ul style="list-style-type: none"> • No banking of excess solar generation • Exported energy compensated at annual energy acquisition rate • Energy charges and credits applied on a monthly basis • Monthly meter service fee applied • Public Benefits Charge billed on monthly electricity consumption

J. Solar System Sizing and Application Process

1. Obtain a Solar PV Rebate Application Form and an Interconnection and Exported Renewable Energy Agreement. Fill out the application form and submit it to the Utility with the required support documents via internet, mail or office drop-off. The utility will process all completed applications within thirty (30) days.
2. Upon receiving approval from the utility, the Customer must sign the Interconnection Agreement to participate in Island Energy's Solar Incentive Program and Exported Renewable Energy Program.
3. Receive a building permit from the City of Vallejo. It is recommended to get application approval from the utility before obtaining the building permit.
4. After receiving the building permit, the Customer should begin the installation process within 180 days of receiving the utility's approval or the application will expire.
5. Upon completion of the installation, obtain a building safety inspection from the Building Department of the City of Vallejo.
6. The utility will be notified by the Building Department of Vallejo, and the utility will perform a utility inspection and replace the regular meter with a bi-directional meter. Once the bidirectional meter is installed, your solar system is interconnected to the utility's grid.
7. A rebate check will be issued for newly installed systems to the solar customer or a designated third party as indicated on the application form within 4-6 weeks after the

solar system is interconnected to the grid. The utility has sole discretion on the final rebate amount.

8. All Solar customers and solar services companies must follow the application process in this Tariff. Any violation of this application process may lead to cancellation of the rebate.

K. Application Attachments

1. Recent utility bill showing electric usage of the service location
2. Purchase order, contract or lease for the PV system installation, showing equipment size and proof of the 10-year warranty
3. Shading Analysis, if not minimal shaded
4. Energy Audit Report for Commercial Customers (not required for residential customers)

L. Non-Bypassable Charges

Customer-Generators shall not be exempt from certain charges paid by other Customers in order to avoid any shortfall, resulting in a shifting of the burden of these charges to the remaining non-generating Customers. These charges may include all or some of the following: a) the Public Benefits Program (Section 23, California Public Benefits Program), b) Outstanding Power Purchase Costs ("OPPC") c) Capital Improvement Debt ("CID") (Repayment of loans for capital improvements made necessary as a result of the aging electrical system) and d) Operational Financial Assistance ("OFA") (Repayment of loans made necessary during periods where there are shortfalls in cash flow necessary to meet current obligations in between rate adjustments), and either appear as a line item on the monthly bill to all Customers or as a debt to be repaid as part of the yearly rate case.