



**Rider 10  
Renewable Portfolio Standard (RPS) Credit Rider**

APPLICABILITY

The Renewable Portfolio Standard (RPS) Credit Rider, Rider 10, is available to all distributed generation (DG) Residential customers receiving service under the Company's current retail rates. The eligibility of the Customer will be determined by the specific rate tariff.

TERMS AND CONDITIONS

1. The customer's monthly bill will be calculated based on the full retail rate in effect for the billing period including taxes and riders.
2. The customer's monthly DG production will be measured at the output side of the generation source (this includes both exports to the utility's system and consumption by the customer).
3. The date the customer's DG system was connected to the utility's system will determine which tranche and associated credit customer's will receive for their DG production.
4. The customer will choose to have the credit amount specified for the applicable tranche to be applied in one of the following two methods:
  - a. The credit amount will be applied to total DG production each month (consumption is not netted against production), or
  - b. The credit amount will be applied to the kBh reflected on the customer's monthly bill (kBh is the instantaneous netting of consumption against DG production and is accumulated through the month).
5. The applicable credit amount and method selected in 4. above will remain in place for the customer's DG system for twenty (20) years from the date the DG system was originally connected to the Company's system.
6. The tranches, credits and dates are shown in the table below, all of which are subject to change at any time by the Arizona Corporation Commission ("ACC" or "Commission").
7. The customer must agree to assign all REC's calculated for the customer's system to the Company for all months the customer participates on this Rider.
8. Credits will not be offered for production in excess of 125% of the customer's annual load. This provision is designed to maintain consistency with the Company's current net-metering rider and to prevent over-sizing the customer's DG system.
9. All credits provided to customers under this rider will be tracked and charged to the PPFAC as a purchased power expense on a monthly basis.
10. Credits shall be applied to the customer's total bill before taxes.

RATE

The following table specifies the credit amount that will be offered to participating customers during the 20 year period their DG system is attached to the Company's system. The table also shows how the credit rate decreases for new installations after the specified level of installations has occurred. As participation increases in future years and meets a higher percentage of the Arizona Renewable Portfolio Standard requirements in those future years.



Tranche	Effective Dates <sup>i</sup>	MW installed DG <sup>ii</sup>	Credit (\$ per kWh)
1	02/27/17 – 02/27/37	49.00	\$0.1100
2	xx/xx/xx – xx/xx/xx	65.00	\$0.0900
3	xx/xx/xx – xx/xx/xx	85.00	\$0.0700
4	xx/xx/xx – xx/xx/xx	105.00	\$0.0500
5	xx/xx/xx – xx/xx/xx	120.00	MCCCG <sup>iii</sup>

TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the TEP Statement of Charges which is available on TEP's website at www.tep.com.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the ACC shall apply where not inconsistent with this rider.

TAX CLAUSE

To the charges computed under this rider, including any adjustments, shall be added 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.

<sup>i</sup> Effective dates will be based on the initial filed date of the RPS Credit Rider and will include all systems installed during the current date up-to the beginning date of the next tranche established when the specified percent of Goal is met. Those falling in the specified Tranche will receive this credit amount for 20 years from the date of installation of the system.

<sup>ii</sup> The total MW of DG installed on the system that apply toward the Commission's Renewable Energy Standard (RES) requirements..

<sup>iii</sup> Once this level of goal is met, credit for exported DG energy will be based on the Company's annual MCCCG filing amount.

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