



**Rider-18  
Market Pricing-Experimental (MP-EX)**

AVAILABILITY

This rate rider is available throughout the Company's entire electric service area at all points where facilities of adequate capacity and required phase and suitable voltage are adjacent to the sites served. Customers within the medium and large general service classes are eligible for Program 1 and customers within the large power service or large power service high voltage classes are eligible for Program 2.

APPLICABILITY

Available for Customers who have a minimum aggregated peak demand of 3,000 kW or more and a minimum aggregate load factor of 60%. Customer block purchases under Option 2 of either program may not displace more than 50 percent of the customer's average monthly peak demand based on the months of October through April.

Customers must have interval metering or advanced metering infrastructure in place at all times under this rate rider. Customers shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

This rate rider may not be used in conjunction with TEP Rider 4, Net Metering for Certain Partial Requirements Service.

All provisions of the Customer's applicable rate will apply in addition to this MP-EX Rider-18, except as modified herein. This rider shall be available for four years from the effective date of MP-EX Rider-18, unless extended by the Arizona Corporation Commission. Program 1 participation will be limited to 25,000 kW and Program 2 participation will be limited to 50,000 kW.

CHARACTER OF SERVICE

Must meet all service requirements for the Customer's applicable tariff.

CUSTOMER PARTICIPATION PROCESS

The Company shall establish an initial enrollment period during which Customers can apply for service under this rider. If the applications for service are greater than the program maximum amount, then Customers shall be selected for enrollment through a lottery process as detailed in the program guidelines, which may be revised from time-to-time during the term of this rider.

DESCRIPTION OF SERVICES AND OBLIGATIONS

The Customer shall apply for service under this rider.

The Company shall conduct the enrollment process in accordance with the provisions of this rider.

For Customers who elect service under Option 2, the Company shall enter into a Purchase-Sale Agreement (PSA) with the Customer where the Customer commits to purchasing flat, around-the-clock (7x24) blocks of market-based purchased power capacity and energy on a 12-month basis. The Company will work with Customers to procure 7x24 blocks of energy and capacity products either through bilateral arrangement with a third-party generation service provider or through a competitive RFP process conducted by the Company.

The Company shall provide transmission, delivery and network services to the Customer according to normal retail electric service.

Filed By: Dallas J. Dukes  
Title: Vice President, Energy Programs and Pricing  
District: Entire Electric Service Area

Rate: R-18  
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RATE

There are two separate programs available to customers. Program 1, General Service, is available to medium and large general service customers and Program 2, Large Power Service, is available to large power service and large power service high voltage customers.

Program 1, General Service. For all energy delivered by TEP through the MP-EX Program, all provisions, charges, and adjustments in the Customer's applicable rate schedule will continue to apply except for the Base Power Charge and PPFAC rider charge. Customers will have the option to replace their existing Base Power Charge and PPFAC rider charge with:

Option 1: A a day-ahead or hourly market index price

Option 2: A 7x24 block of energy and capacity price procured on a 12-month basis

Program 2, Large Power Service. For all energy delivered by TEP through the MP-EX Program, all provisions, charges, and adjustments in the Customer's applicable rate schedule will continue to apply except for the Base Power Charge and PPFAC rider charge. Customers will have the option to replace their existing Base Power Charge and PPFAC rider charge with:

Option 1: An hourly market index price

Option 2: A 7x24 block of energy and capacity price procured on a 12-month basis

Option 3: A combination of Options 1 and 2 with an hourly market index price applied against remaining load not subscribed under Option 2.

Customers choosing service under Option 2 will be charged line losses based on the Palo Verde Intercontinental Exchange (ICE) On-peak and Off-peak day-ahead index. Line losses will be modified to reflect transmission delivery voltage levels where applicable. The minimum PSA block size is 1,000 kW and all power must be delivered to the Company at a point of delivery as agreed to by the Company. The Customer is responsible for the cost of any incremental transmission costs to deliver the power to the Company's delivery point.

In the event of an unplanned outage, customers will be credited for hours when customer load is less than the hourly block purchased power capacity at the market index price. Unplanned outages will be limited to 2% of the total block power energy for the year. Given adequate notice, the Company will have the option to work with the customer to arrange to market their excess capacity during long-term planned outage events.

Under both programs, a \$1,000 per customer per month billing charge will apply.

Under both programs, Customers will be charged \$500 per month for each service point aggregated under this rate rider.

CONTRACT TERM AND REQUIREMENTS

Participating customers must remain in the MP-EX program for a minimum of one year. Eligible customer accounts may be aggregated if they have the same corporate name, ownership, and identity. In addition, an eligible franchisor customer may be aggregated with eligible franchisees or associated corporate accounts. Under multiple aggregation arrangements, the customer would be financially responsible for the secondary billing costs above and beyond the \$500 monthly service point charge between the aggregated load and the reallocation of billing between the multiple service points.

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CREDIT REQUIREMENTS

Customers choosing service under Option 2 must have an investment grade credit rating or demonstrate creditworthiness in the form of either a 3rd-party guarantee from an investment grade rated company, surety bond, letter of credit, or cash in accordance with the Company's standard credit support rules.

TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission (ACC) see the TEP Statement of Charges which is available on TEP's website at [www.tep.com](http://www.tep.com).

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.

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.

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