

APPENDIX II

FEED-IN TARIFF (FIT) PROGRAM

Queuing and Interconnection Procedures for Tiers 1 and 2

The Application and Queuing Process for Tiers 1 and 2 is described below. The information requested in the Application Package is expected to be tailored specifically to the information necessary to consider projects for each Tier.

FIT Program Information

Applicants to the Program will be encouraged to visit the Company's FIT website which will be made available prior to roll out of the FIT program – to review the following documents and requirements in detail before beginning the registration and application process.

- Application Form and Requirements
- FIT Queuing and Interconnection Procedures
- Schedule FIT Tariff
- Schedule FIT Standard Agreement
- PUC Tariff Rule 14.H
- Link to Locational Value Maps to assess the potential level of circuit capacity in the area of interest to the Applicant

Registration

As a first step in the process, potential applicants and interested parties are required to register on the FIT program website.¹ Registrants (“Applicants”) will be provided with a password and user name and a specific project folder for each project the Applicant proposes. All correspondence with the Applicant will be transmitted through the project folder. Any person who registers for the FIT program is not obligated to submit an application.

Pre-Qualification

In order to qualify for the FIT program, a project must be able to demonstrate either ownership of the project site or control of the site. Unless the proposed location for the project is a greenfield site, the project location must also have an existing Company account number.

Application

Once the queue is opened by the Company, applicants are required to complete the online Application Form for the FIT Program consistent with the Tier requirements for their proposed project. The FIT project pre-qualification checklist and application forms for projects in each tier will be provided on the FIT website prior to the program initiation date. Applicants can review these forms to assist in preparation for submission of their application.

¹ Interested parties will be able to review the publicly available documents and other publicly available information without registering, but will not have access to information pertinent to actual Applicants.

FEED-IN TARIFF (FIT) PROGRAM (Continued)

Queuing and Interconnection Procedure for Tier 1

The Queuing and Interconnection Procedure for Tier 1 is primarily a first-come-first-served process. Tier 1 applications will be placed in the Active Queue based on the time/date stamp until the allocated FIT program capacity is filled. Applications will continue to be accepted in the unlimited reserve queue.

Once the Applicant has successfully submitted their application, they must mail their application fee to the address provided. Failure of an applicant to submit the application fee within the deadline provided will render the application incomplete and the application will be removed from the queue.

For all applications deemed complete, the Company will assess the availability of sufficient distribution or transmission capacity to connect the renewable project to the Company system in accordance with Rule 14H.

The Independent Observer (IO) will provide oversight of the queuing process conducted by the Company. In consultation with the IO, the Company may exercise administrative discretion in the management of the FIT program.

The FIT Tier 1 program procedures are summarized below and illustrated in Exhibit 1.

Pre-Qualification Process

Applicants must meet the following pre-qualification requirements in order to be eligible for the FIT program:

- Demonstrate site ownership or control
- Have an existing Company account at the location
- Proposed project must be able to be completed within 12 months of execution of the Schedule FIT Agreement

Application Process

1. Applicants complete the on-line application form. The application form fields must be properly completed before the website will allow it to be submitted.
2. Upon successful submission of the application, the website will assign a Date/Timestamp to the application, notify the applicant to submit a non-refundable Application Fee of \$200 to the Company within five (5) business days, and open an on-line folder for the submission and receipt of documents and notices.
3. A FIT Applicant may not simultaneously engage with the Company in bilateral negotiations for a power purchase agreement for the same project.

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FEED-IN TARIFF (FIT) PROGRAM (Continued)

Queuing and Interconnection Process

1. The application will be placed in the Queue. The website will accept applications into the Queue until the allocation for the offering is filled. Once the Queue is filled, the website will continue to accept applications, but designate those applications to a Reserve Queue. Applications will be accepted into the Reserve Queue until the reserve allocation is filled.
2. Within five (5) business days, the Company should be in receipt of the applicant's Application Fee. If the Application Fee is not received, the application will be removed from the Queue.
3. The application will be reviewed by the Company for the need for an Interconnection Requirements Study (IRS) as outlined in Rule 14H. If an IRS is not required, the application moves to Step 4 below. If an IRS is required, the applicant will be notified and must decide if they will pay for the IRS or withdraw from the Queue.

If the applicant agrees to pay for the IRS, they will be required to execute a signed IRS Letter Agreement to initiate the IRS process. The applicant's position in the Queue will be maintained while the IRS is being conducted.

Upon completion of the IRS and the determination of any interconnection costs that will be the responsibility of the applicant, the applicant will have the option of agreeing to proceed with this interconnection work or withdraw from the Queue.

Table 1 below summarizes various application statuses in the Schedule FIT Queues and required actions and timeframes for compliance:

Table 1

IRS STATUS	SERVICE REQUEST STATUS	ACTION
IRS Required, Payment Received, Study Underway	Service Request Submitted, Payment Received For Firm Cost Estimate	Execute FIT agreement when costs are available to complete Appendix B-2.

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Table 1 (Continued)

IRS Not Required	Service Request Submitted, Payment Received For Firm Cost Estimate	Execute FIT agreement when costs are available to complete Appendix B-2.
IRS Required, No Payment Received		Applicant must agree to proceed within 15 business days of notification that an IRS is required; IRS Letter Agreement detailing cost and scope of the study, and any other documentation required for the IRS must be returned, with payment, within 15 business days of receipt of the IRS Letter Agreement.
IRS Required, Additional Information Requested From Applicant		Applicant must agree to proceed within 15 business days of notification that an IRS is required; IRS Letter Agreement detailing cost and scope of the study, and any other documentation required for the IRS must be returned, with payment and the requested documentation within 15 business days of receipt of the IRS Letter Agreement.
IRS Required, Payment Received, Study or Resulting Requirements Underway	Service Request Not Submitted or No Payment Made For Cost Estimates	Applicant must submit a service request within 15 business days of the Applicant's receipt of the IRS study results including the scope and cost of any required upgrades. The Rough cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate; the Firm cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate.
IRS Not Required	Service Request Not Submitted or No Payment Made For Cost Estimates	Applicant must submit a service request within 15 business days. The Rough cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate; the Firm cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate.
Technical Review Incomplete	Technical review Incomplete	Insufficient information to begin technical review, Applicant will have 15 business days to provide all of the information required to proceed with the technical review and establish site control.

If no service upgrade is required for a particular project, then such project would be treated as if the service request milestones have been met.

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4. Once the interconnection review process is completed per Step 3 above, the Seller will execute the Schedule FIT Agreement with the exception that Appendix B-1 Section 6, Section 7 and Section 8 which will be completed when the Seller submits its Notification of Completion.
5. Upon execution and receipt of the Schedule FIT Agreement, the terms of the Agreement will be in effect.

Project Development and Completion

The project must meet all milestones set forth in Table 2 below and in the Schedule FIT Agreement and be placed In-Service no later than 12 months from execution of the Agreement. The Company will sign the Agreement when the Seller has met all In Service requirements.

Table 2

MILESTONE	SCHEDULE (*BD = Business Day)
Company Executes FIT Agreement and Notifies Applicant	START DATE
Posts hard copy building permit to establish that the appropriate agency has reviewed the permit application and issued a valid building permit for the project	START DATE + 10 BD
Applicant posts P.O. from supplier for Appendix B-1 Equipment or other documentation demonstrating that the equipment for the project has been purchased	START DATE + 30 BD
Applicant Posts photographic proof that development is progressing along with a sworn affidavit verifying the date and contents of such photographs.	START DATE + 3 months START DATE + 6 months START DATE + 9 months
Guaranteed Commercial Operation Date for Tier 1 and Tier 2 Projects	START DATE + 12 months

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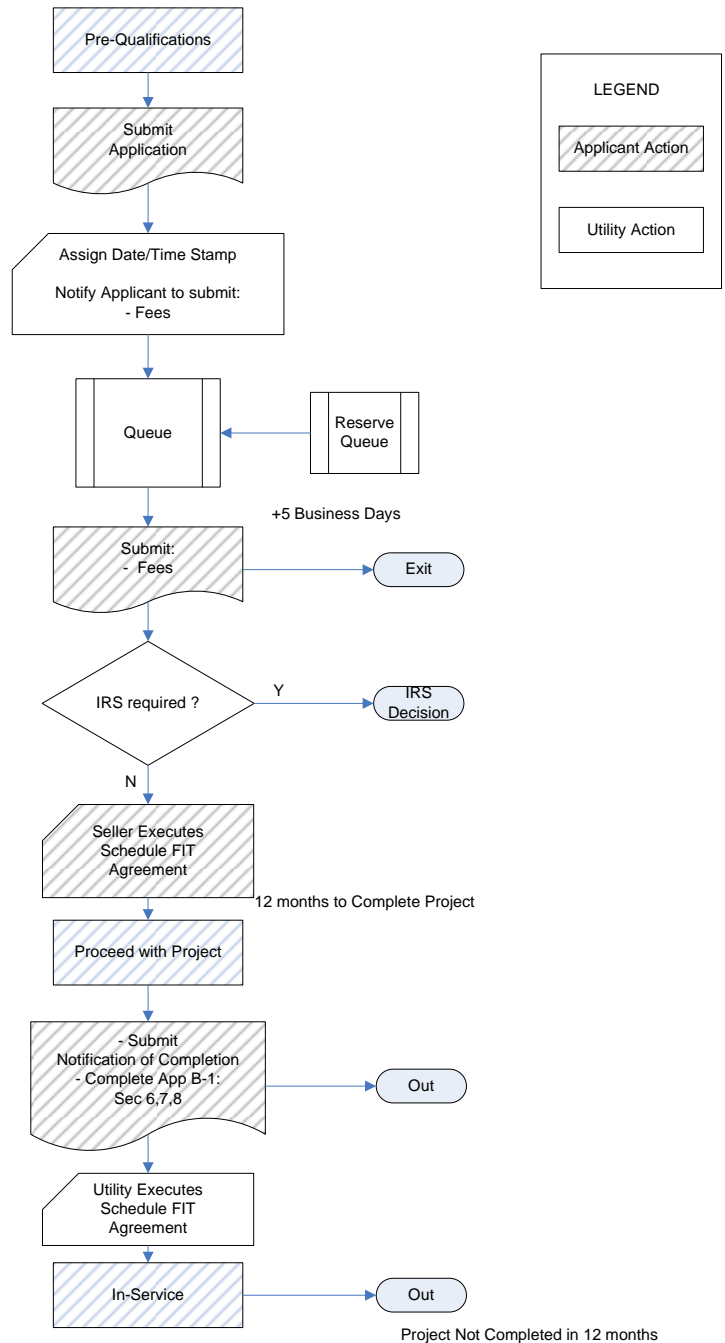


Exhibit 1 - Tier 1 - Feed-In Tariff Program Process Flow Chart

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FEED-IN TARIFF (FIT) PROGRAM (Continued)

Queuing and Interconnection Procedure for Tier 2

The Queuing and Interconnection Procedure for Tier 2 differs slightly from the Tier 1 process. Tier 2 applications will continue to be accepted into the Active Queue until such time that the allotted FIT program capacity is filled. Applications will continue to be accepted in the unlimited Reserve Queue. In the event that the Queue is not immediately fully subscribed, the applications will be batched on either weekly or bi-weekly basis depending on the number received, and processed for interconnection review.

Once the Applicant has successfully submitted their application, they must mail their application fee, reservation fee, and a copy of the County building permit application for their project to the address provided. Failure of an applicant to submit these items within the deadline provided will render the application incomplete and the application will be removed from the queue.

For all applications deemed complete, the Company will assess the availability of sufficient distribution or transmission capacity to connect the renewable project to the Company system in accordance with Rule 14H. Applications with the earliest In-Service date will be ranked highest in the queue and those with later In-Service dates will be lowest in the queue or possibly assigned to the reserve queue.

The Independent Observer (IO) will provide oversight of the queuing process conducted by the Company. In consultation with the IO, the Company may exercise administrative discretion in the management of the FIT program.

The FIT Tier 2 program procedures are summarized below and illustrated in Exhibit 2.

Pre-Qualification Process

Applicants must meet the following pre-qualification requirements in order to be eligible for the FIT program:

- Demonstrate site ownership or control
- Filed an application for a building permit
- Proposed project must be able to be completed within 18 months of execution of the Schedule FIT Agreement

Application Process

1. Applicants complete the on-line application form. The application form fields must be properly completed before the website will allow it to be submitted.
2. Upon successful submission of the application, the website will assign a Date/Time stamp to the application, notify the applicant to submit a copy of the building permit application for the project, a non refundable Application Fee of \$10/kW not to exceed \$1,000.00, and a refundable Reservation Fee of \$15/kW within five (5) business days.
3. A FIT Applicant may not simultaneously engage with the Company in bilateral negotiations for a power purchase agreement for the same project.

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FEED-IN TARIFF (FIT) PROGRAM (Continued)

Queuing and Interconnection Process

1. The website will accept applications until the allocation for the offering is filled.
2. Within five (5) business days, the Company should be in receipt of the applicant's Application Fee and Reservation Fee, and building permit application. If the Application fee, building permit, or Agreement is not received, the application will be rejected.
3. The applications will be reviewed by the Company for the need for an Interconnection Requirements Study (IRS) as outlined in Rule 14H. In-Service dates for applications will be adjusted automatically by 120 days for any project that is found to require an IRS. The applications will be rank ordered in the Queue by In-Service Dates with the earliest In-Service Date first. The Queue will then be determined by the allocated capacity amount of the offering and the remainder being assigned to the Reserve queue. Applications in the reserve queue may move up into the active queue when applications in the active queue withdraw, fail to meet a requirement or milestone, or the allocation for the active queue is increased. Applicants will be notified if there are in the active or reserve queue. Projects in the reserve queue will have their reservation deposit refunded if the project is not moved to the queue.

For any projects in the active queue that require an IRS, the applicant will be notified. If the applicant agrees to pay for the IRS, they will be required to execute a signed IRS Letter Agreement to initiate the IRS process. The applicant's position in the Queue will be maintained while the IRS is being conducted.

Upon completion of the IRS and the determination of any interconnection costs that will be the responsibility of the applicant, the applicant will have the option of agreeing to proceed with this interconnection work or withdraw from the Queue.

Table 3 below summarizes various application statuses in the Schedule FIT Queues and required actions and timeframes for compliance:

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Table 3

IRS STATUS	SERVICE REQUEST STATUS	ACTION
IRS Required, Payment Received, Study Underway	Service Request Submitted, Payment Received For Firm Cost Estimate	Execute FIT agreement when costs are available to complete Appendix B-2.
IRS Not Required	Service Request Submitted, Payment Received For Firm Cost Estimate	Execute FIT agreement when costs are available to complete Appendix B-2.
IRS Required, No Payment Received		Applicant must agree to proceed within 15 business days of notification that an IRS is required; IRS Letter Agreement detailing cost and scope of the study, and any other documentation required for the IRS must be returned, with payment, within 15 business days of receipt of the IRS Letter Agreement.
IRS Required, Additional Information Requested From Applicant		Applicant must agree to proceed within 15 business days of notification that an IRS is required; IRS Letter Agreement detailing cost and scope of the study, and any other documentation required for the IRS must be returned, with payment and the requested documentation within 15 business days of receipt of the IRS Letter Agreement.
IRS Required, Payment Received, Study or Resulting Requirements Underway	Service Request Not Submitted or No Payment Made For Cost Estimates	Applicant must submit a service request within 15 business days of the Applicant's receipt of the IRS study results including the scope and cost of any required upgrades. The Rough cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate; the Firm cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate.

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Table 3 (Continued)

IRS Not Required	Service Request Not Submitted or No Payment Made For Cost Estimates	Applicant must submit a service request within 15 business days. The Rough cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate; the Firm cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate.
Technical Review Incomplete	Technical review Incomplete	Insufficient information to begin technical review, Applicant will have 15 business days to provide all of the information required to proceed with the technical review and establish site control.

If no service upgrade is required for a particular project, then such project would be treated as if the service request milestones have been met.

4. Once the interconnection review process is completed per Step 3 above, the Seller will execute the Schedule FIT Agreement with the exception that Appendix B-1 Section 6, Section 7 and Section 8 will be completed when the Seller submits its Notification of Completion.
5. Upon execution and receipt of the Schedule FIT Agreement, the terms of the Agreement will be in effect.

Project Development and Completion

The project must meet all milestones in Table 4 below and the Schedule FIT Agreement and be placed In-Service no later than 18 months from execution of the Agreement. The Company will sign the Agreement when the Seller has met all In Service requirements.

Table 4

MILESTONE	SCHEDULE (*BD = Business Day)
Company Executes FIT Agreement and Notifies Applicant	START DATE
Posts hard copy building permit to establish that the appropriate agency has reviewed the permit application and issued a valid building permit for the project	START DATE + 10 BD

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Table 4 (Continued)

Applicant posts P.O. from supplier for Appendix B-1 Equipment or other documentation demonstrating that the equipment for the project has been purchased	START DATE + 30 BD
Applicant Posts photographic proof that development is progressing along with a sworn affidavit verifying the date and contents of such photographs.	START DATE + 3 months START DATE + 6 months START DATE + 9 months
Guaranteed Commercial Operation Date for Tier 1 and Tier 2 Projects	START DATE + 18 months

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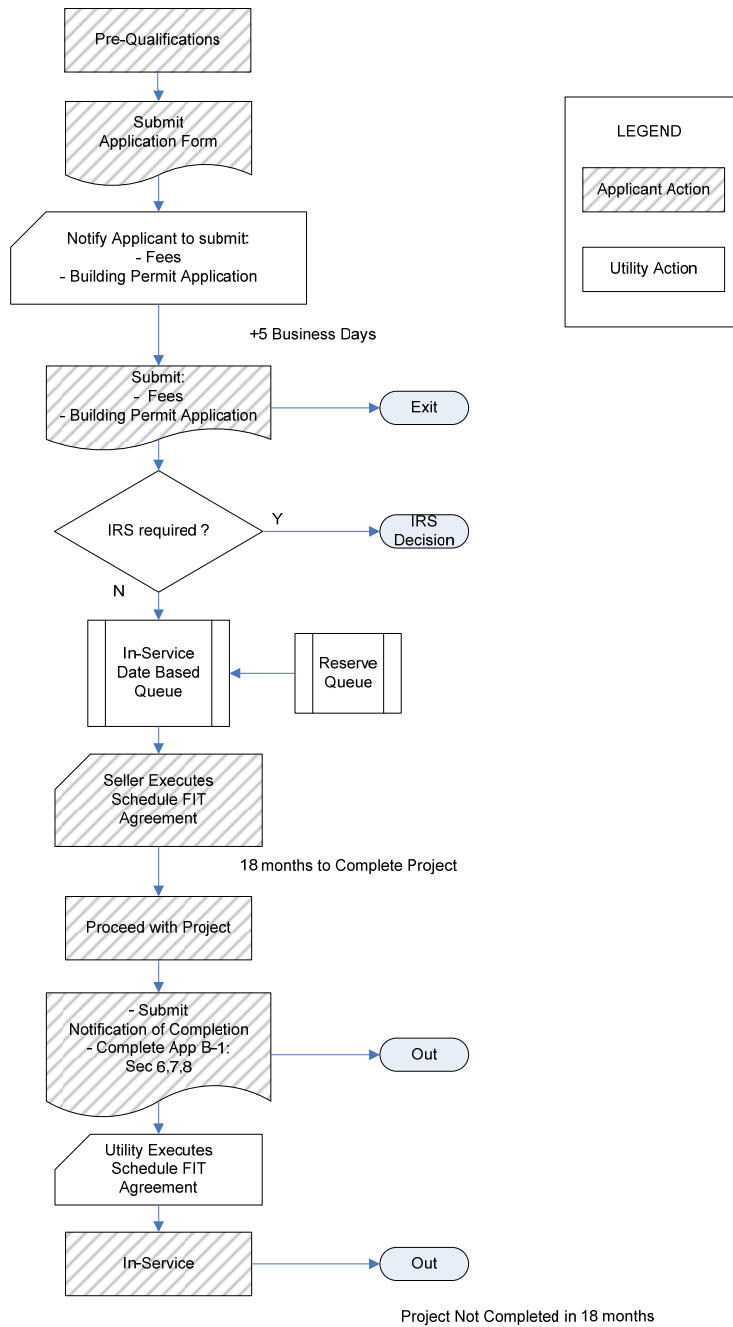


Exhibit 2 - Tier 2 - Feed-In Tariff Program Process Flow Chart

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