



**Rider-4
Net Metering for Certain
Partial Requirements Service (NM-PRS)**

AVAILABILITY

Available throughout the Company's entire electric service area to any Customer with a facility for the production of electricity on its premises using Renewable Resources¹, a Fuel Cell² or Combined Heat and Power (CHP)³ to generate electricity, which is operated by or on behalf of the Customer, is intended to provide all or part of the Customer's electricity requirements, has a generating capacity less than or equal to 125% of the Customer's total connected load at the metered premise, or in the absence of load data, has capacity less than the Customer's electric service drop capacity, and is interconnected with and can operate in parallel and in phase with the Company's existing distribution system. Customer shall comply with all applicable federal, state, and local laws, regulations, ordinances and codes governing the production and/or sale of electricity.

The Arizona Corporation Commission (ACC) ordered that as of the effective date of this tariff all new residential or small general service DG facilities will be assessed as an incremental monthly charge. The charge is shown in the TEP Statement of Charges.

This rate rider is not available to TEP residential and small general service customers that apply for interconnection of DG facilities after September 20, 2018 in accordance with ACC Decision No. 76899 or to any TEP customer taking service on this rate rider that moves to a small general service rate plan from one of the Company's medium general service, large general service, or large power service rate tariffs after September 20, 2018.

For purposes of this rate, the following notes and/or definitions apply:

¹Renewable Resources means natural resources that can be replenished by natural process. Renewable Resources include biogas, biomass, geothermal, hydroelectric, solar, or wind.

²Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be derived from Renewable Resources.

³Combined Heat and Power (CHP) also known as cogeneration means a system that generates electricity and useful thermal energy in a single integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.

CHARACTER OF SERVICE

The service shall be single-phase or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering will be used by mutual agreement between the Company and the Customer.

RATE

Basic Service Charges shall be billed pursuant to the Customer's rate otherwise applicable under full requirements of service.

Power sales and special services supplied by the Company to the Customer in order to meet the Customer's supplemental or interruptible electric requirements will be priced pursuant to the Customer's Rate otherwise applicable under full requirements service.

Non-Time-of-Use Rates: For Customers taking service under a tariff that is not a time-of-use rate, the Customer Supplied kWh shall be credited against the Company Supplied kWh. The Customer's monthly bill shall be based on this net kWh amount. Any monthly Excess Generation will be treated in accordance with the provisions outlined below.



Time-of-Use Rates: For Customers taking service under a tariff that is a time-of-use rate, the Customer Supplied kWh during on-peak hours shall be credited against the Company Supplied kWh during on-peak hours. All Customer Supplied kWh during off-peak hours shall be credited against the Company Supplied kWh during off-peak hours. The Customer's monthly bill shall be based on this net kWh amount. Any monthly Excess Generation will be treated in accordance with the provisions outlined below.

EXCESS GENERATION

If for a billing month the Customer's generation facility's energy production exceeds the energy supplied by the Company, the Customer's bill for the next billing period shall be credited for the excess generation. That is, the excess kWh during the billing period shall be used to reduce the kWh supplied (not kW or kVA demand or customer/facilities charges) and billed by the Company during the following billing period. Customers taking service under a time-of-use rate who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit in the next billing period for the on-peak or off-peak periods in which the kWh were generated by the Customer. Time-of-Use Customer's taking service in the billing month of April shall receive a credit to summer on-peak and summer off-peak usage in the billing month of May for any winter on-peak and/or winter off-peak excess generation for April.

Each calendar year, for the customer bills produced in October (September usage) or a customer's "Final" bill - the Company shall credit the Customer for the balance of excess kWhs after netting against billing period usage. The payment for the purchase of the excess kWhs will be at the Company's applicable avoided cost MCCCCG rate as defined in Rider-3.

METERING

The Company will install a bi-directional meter at the point of delivery to the Customer and meter at the point of output from each of the Customer's generators. At the Company's request a dedicated phone line will be provided by the Customer to the metering to allow remote interrogation of the meters at each site. If by mutual agreement between Company and Customer that a phone line is impractical or cannot be provided - the Customer will work with Company to allow for the installation of equipment, on or with customer facilities or equipment to allow remote access to each meter. Any additional cost of communication, such as but not limited to, cell phone service fees will be the responsibility of the Customer.

A Customer that does not install the electrical equipment as specified to provide the verification of the required minimum CHP efficiency will not be eligible for Net Metering.

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.

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.

Filed By: Dallas J. Dukes
Title: Senior Director, Pricing and Customer Analytics
District: Entire Electric Service Area

Rate: R-4
Effective: September 21, 2018
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