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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTEN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

E-01787A-11-0398

IN THE MATTER OF THE APPLICATION OF)
NAVOPACHE ELECTRIC COOPERATIVE, INC.)
FOR APPROVAL OF RENEWABLE ENERGY)
STANDARD PLAN AND TARIFFS)
)
)
)

DOCKET NO. E-01787A-11-

Navopache Electric Cooperative, Inc. ("NEC") is hereby filing its 2012 Renewable Energy Standard ("RES") Plan in compliance with RES Rule R-14-1814(A). NEC is hereby also filing its tariff pages for the Renewable Energy Standard ("RES") Tariff in compliance with the RES Rule R-14-1808(A). NEC also submits a worksheet that contains the information required by RES Rule R-14-1808(B)(2) through R-14-1808(B)(4). Finally, NEC will waive the 30 day time provisions referenced in A.R.S. Section 40-367 and 40-250, (B), for processing the RES Tariff.

Please send correspondence related to this Application to:


Charles R. Moore, P.E.
Manager of Engineering Services
Navopache Electric Cooperative, Inc.
1878 West White Mountain Boulevard
Lakeside, AZ 85929

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ARIZONA CORPORATION COMMISSION

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RESPECTFULLY SUBMITTED this 2nd day of November, 2011.

By 

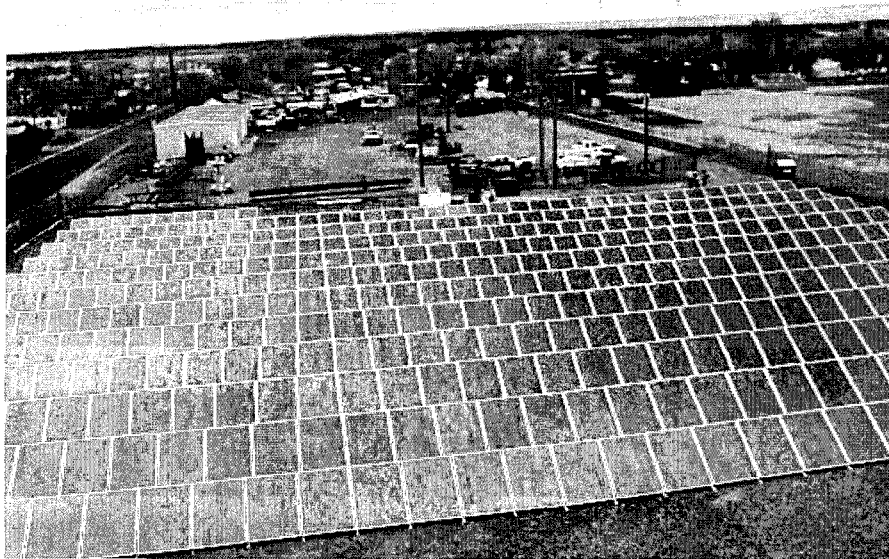
John Wallace
Grand Canyon State Electric Cooperative Assn. Inc.

Original and thirteen (13) copies filed this
2nd day of November, 2011, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

NECO

NAVOPACHE ELECTRIC COOPERATIVE



114kW Grid Connected Photovoltaic Array
NEC Area Office – Springerville, AZ

October 1, 2011

Navopache Electric Cooperative
2012 REST Plan

Charles R. Moore, P.E.
Manager of Engineering Services
Navopache Electric Cooperative, Inc.
1878 West White Mountain Boulevard
Lakeside, AZ 85929
1-800-543-6324

www.navopache.org

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**NAVOPACHE ELECTRIC COOPERATIVE, INC.
RENEWABLE ENERGY STANDARD and TARIFF FOR 2012
(REST IMPLEMENTATION PLAN)**

I. BACKGROUND

Navopache Electric Cooperative, Inc. ("NEC") is a rural electric transmission and distribution cooperative headquartered in Lakeside, Arizona. NEC provides electric service to approximately 40,000 members in its 10,000 square mile service territory covering east-central Arizona and west-central New Mexico. NEC owns and operates 263 miles of 69kV sub-transmission lines, 3,478 miles of 24.9/14.4kV distribution lines, and employs 102 full time employees. NEC is an "all-requirements" wholesale power customer of the Public Service Company of New Mexico ("PNM"). In 2010, NEC delivered 417 gigawatt hours in retail sales to its membership.

The Arizona Corporation Commission ("ACC") approved the Renewable Energy Standard and Tariff Rules ("REST Rules") in Decision No. 69127 dated November 14, 2006. Following Attorney General Certification, The REST Rules took affect on August 14, 2007. The REST Rules require affected utilities to derive certain percentages of the total energy that they sell at retail from eligible renewable energy resources.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814 instructs the cooperatives to file "an appropriate plan for acquiring renewable energy credits for eligible renewable energy resources for the next calendar year." The provisions of this section of the REST Rules substitute for the requirement of R14-2-1804 and R14-2-1805 for NEC.

NEC owns and operates renewable energy resources, has secured renewable energy credit purchase agreements and has implemented a renewable energy incentive program to help the cooperative reach its renewable energy goals under the REST Rules.

II. NEC 2012 REST PLAN

Existing Infrastructure – Utility Owned Photovoltaic Resources

NEC will use a combination of utility owned photovoltaic installations, renewable energy credit purchase agreements and distributed generation facilities installed by its membership to achieve the 2012 REST goals.

Since 2003, NEC has installed four separate photovoltaic arrays totaling 270 kilowatts. Two of the installations are grid-connected at primary (24.9/14.4kV) voltage on the NEC distribution system; two are distributed generation facilities, connected at secondary voltages to serve existing load on property secured by easements from the NEC member.

REC Purchase Agreements

NEC has three executed agreements in place to purchase RECs from other providers. They include an agreement to purchase RECs from Abengoa Solar, Inc., of Lakewood, Colorado. This agreement has been in place since 2006. Abengoa owns and operates a solar thermal system at the Federal Correctional Facility north of Phoenix, Arizona. NEC purchases RECs from Abengoa at a cost of \$ 0.06 / kWh.

NEC has an executed agreement with PDM Solar, Inc., of Wausau, Wisconsin. PDM Solar proposes to install a “solar space cooling” system at a manufacturing facility in Phoenix, Arizona. Presently, PDM Solar has experienced some difficulty in developing their technology and securing funding. Once PDM Solar’s technology is viable, NEC intends to purchase REC’s from PDM Solar upon completion of the installation of its system.

NEC has a Memorandum of Understanding (MOU) with SOLID USA, Inc., of Phoenix, Arizona. SOLID proposes to build a solar thermal system at the Arizona Correctional Facility located in Apache County, between the communities of St. Johns and Springerville, Arizona. Both parties agree that the cost of RECs from this facility will be in line with the cost of RECs from other solar thermal installations located in Arizona. NEC and SOLID are presently negotiating the terms of the REC purchase agreement.

All of the REC purchase agreements that NEC has in place are provided in the “EXHIBITS” section of this REST Plan, including the annual quantities of renewable energy resources to be produced and the incremental cost of each REC.

Distributed Renewable Energy Resources

NEC has 84 member-installed renewable energy systems connected to its power system, as per the Distributed Renewable Energy requirement of the REST Rules. All of these members have been provided an incentive payment as stipulated in the NEC Renewable Energy Incentive Plan (REIP). The NEC REIP was approved by the ACC as a component of the 2011 NEC REST Plan in Decision No. 72383 of May 2011.

The NEC member-installed systems include photovoltaic systems, solar thermal systems, and wind turbines. The annual quantities of renewable energy these systems produce and the incremental cost of the associated RECs are included in the "EXHIBITS" section of this REST Plan.

For the 2012 REST Plan, NEC seeks approval to make six changes in its REIP. Specifically, NEC proposes:

1. Change the Residential Grid Tied Up Front Incentive (UFI) from \$3/watt, up to 50% of the installed cost with a maximum amount of \$25,000 to \$2/watt, up to 50% of the net installed cost, less any grant funds applied to the cost of the installation with a maximum amount of \$10,000 and limited to 10kW systems.
2. Eliminate the Residential Off Grid UFI.
3. Change the Non-Residential Grid Tied UFI from \$3/watt, up to 50% of the installed cost with a maximum amount of \$25,000 to \$2/watt, up to 50% of the net installed cost, less any grant funds applied to the cost of the installation with a maximum amount of \$25,000 and limited to 50kW systems.
4. Added a statement clarifying NEC does not provide incentive payments to third parties or leased systems.
5. Added a statement requiring a Form W-9 tax form to process the UFI rebate.
6. Added a statement requiring the system to be installed and operational within 180 days of the approval of the application.

In NEC's existing REIP there is not any distinction between Residential and Non-Residential. These proposed changes separate the Residential and Non-Residential UFI and are detailed in the REIP section of this submittal.

Future Renewable Energy Resources

NEC has been approached by three wind energy providers seeking to construct and operate wind turbine facilities within the NEC service territory. The National Renewable Energy Laboratory (NREL) Arizona 50 meter wind power map identifies a viable wind resource in southern Apache County within the NEC service territory, and in close proximity to the NEC 69kV sub-transmission system.

The NEC engineering department is evaluating the 69kV sub-transmission system to determine the magnitude of upgrades that would be required to accommodate these renewable resources. The providers have stated that they understand that projects of this size will require infrastructure upgrades and additions to the NEC 69kV sub-transmission system to market the renewable energy produced. NEC has made it clear that the financial resources needed to complete such upgrades will be a responsibility that the wind energy providers will have to bear in order to locate their projects in the NEC service territory. The wind energy providers have asked for confidentiality until the engineering analysis and financial requirements for these projects are known.

NEC is in the process of preparing a Request for Proposals (RFP) to purchase additional energy and Renewable Energy Credits (RECs) from qualified facilities. The RFP should be completed by the end of the year 2011 with proposals due to NEC during the first quarter of 2012.

Geothermal Generating Station Project

NEC has completed a feasibility study which recommends that a 5 megawatt Enhanced Geothermal System (EGS) generating station is feasible on both a technical and economic basis in the NEC service territory. The Final Report completed by Black & Veatch Corporation of Walnut Creek, California, and GeothermEx, Inc., of Richmond, California, was submitted to the ACC as a requirement of Decision No. 70699 dated 1/20/09.

NEC fully intends to develop this resource unless factors which are not presently known surface to indicate that it is not in our member's best interest. NEC is interested in this project as a competitively priced base load power supply and as a high capacity factor renewable energy resource. A 5 megawatt geothermal generation facility would produce around 40 million kWh's of renewable energy annually. NEC will keep the ACC informed on the progress of this project as we continue to search for funding to move forward.

III. EXHIBITS



NAVOPACHE ELECTRIC COOPERATIVE

Renewable Energy Resources – 2012

Resource	Type	Size – kW	Annual Output In kWh	Energy Cost / kWh
NEC St. Johns Substation	Photovoltaic – Utility – Grid Connected	94	205,860	\$ 0.225 / kWh
NEC Springerville Area Office	Photovoltaic – Utility – Grid Connected	114	249,660	\$ 0.225 / kWh
Blue Ridge High School	PV – Non-Residential Distributed Generation	50	109,500	\$ 0.225 / kWh
Mountain Meadow Recreation Complex	PV – Non-Residential Distributed Generation	20	43,800	\$ 0.225 / kWh
NEC Member Installations	PV / Wind Turbine – Residential Distributed Generation	527	1,153,924	\$ 0.09 / kWh*
NEC Member Installations	Solar Water Heating	n/a	50,588	\$ 0.09 / kWh*
Abengoa Solar Corporation	Solar Thermal System	n/a	900,000	\$ 0.06 / kWh
PDM Solar, Inc.	Solar Space Cooling	500	5,000,000	\$ 0.07 / kWh
SOLID Solar, USA	Solar Thermal System	n/a	1,500,000	\$ 0.07 / kWh
TOTAL RESOURCES AVAILABLE		1,305	9,213,332	

* Cost / kWh is based upon a Net Metering Tariff and does not include the cost of renewable energy installation incentives provided by NEC.

Mailing Address:
PDM SOLAR, INC.
P.O. Box 36
Wausau, WI 54402-0036
(715) 574-4920



Physical Address:
PDM SOLAR, INC.
100 N. 72nd Ave.
Wausau, WI 54401

**Agreement to Purchase Renewable Energy Credits
Agreement between PDM Solar, Inc. and Navopache Electric Cooperative, Inc.**

This agreement dated, May 22, 2008 is between PDM Solar, Inc (PDM), 100 North 72nd Avenue, Wausau WI and Navopache Electric Cooperative (NEC) 1878 W White Mountain Boulevard, Lakeside, Arizona 85929.

PDM Solar, Inc is developing "Distributed Renewable Energy Resources" at various sites within the State of Arizona. These sites will be located at a customer's premise and will displace "Conventional Energy Resources" that would otherwise be used to provide electricity to Arizona customers. Specifically these "Distributed Renewable Energy Resources" will be either "Solar Space Cooling", "Solar Space Heating", or Solar HVAC. PDM Solar will build these systems to comply with the Distributed Renewable Energy Resource guidelines established by the Arizona Corporation Commission (ACC) in R14-2-1802 (B)(9) and R14-2-1802 (B)(10).

These systems will generate distributed Renewable Energy Credits (RECs) per R14-2-1803 which can be used to satisfy the Distributed Renewable Energy Requirements established in R14-2-1805. The number of credits generated will be determined according to the methodology established in R14-2-1803 (B). One REC will be created for each 3,415 British Thermal Units of heat produced by the solar collectors for use to drive a "refrigeration machine" absent the generation of electricity or to provide space heating. The amount of heat produced will be measured using calibrated flow and temperature measurements in the supply and return loops between the solar collectors and the "refrigeration machine" or space heating system.

Per R14-2-1803 (C), PDM agrees to supply and NEC agrees to purchase RECs generated by PDM's systems to assist NEC in meeting their portfolio requirements established in R14-2-1805. PDM agrees to supply and NEC agrees to purchase 1,500,000 RECs in 2009 and 5,000,000 RECs per year for the following 5 years (2010 -2014) The price will be \$0.07 per REC. After that time, the Agreement is renewable by mutual consent for an additional 5 years, at a price to be determined at the time of renewal. In the event that the ACC amends the existing REST requirements to the extent that the RECs purchased by NEC from PDM exceed any future requirement, NEC reserves the right to transfer said RECs to a third party.

Within 10 days of the end of each calendar quarter, PDM will deliver a "Certificate of Transfer of RECs" and an invoice for the credits generated during that quarter. NEC will provide payment of the invoice on a net 30 basis.

Signed:

Handwritten signature of David M. Baker in black ink.

David M. Baker
President/CEO
PDM Solar, Inc.

Date: 5/27/08

Signed:

Handwritten signature of Dennis W. Hughes in black ink.

Dennis W. Hughes
Chief Operating Officer
Navopache Electric Cooperative, Inc.

Date: 5/22/08

**Agreement for the Purchase of Renewable Energy Credits
Between Navopache Electric Cooperative, Inc., and
Solar Utilities Network, LLC**

This agreement, dated, June 17th, 2009, is between Solar Utilities Network, LLC, a California limited liability company (SUN), 4340 Redwood Hwy Suite 241, San Rafael, California, 94903, and Navopache Electric Cooperative, Inc., an Arizona corporation (NEC), 1878 West White Mountain Blvd., Lakeside, Arizona 85929.

Recitals

- (a) SUN is in negotiations with the White Mountain Apache Tribe, Whiteriver, Arizona, (White Mountain) for the development of a 2.0 Megawatt Photovoltaic (PV) Array (Solar Facility), more or less, proposed upon construction to be connected to the NEC power system from lands owned by White Mountain near the Sunrise Ski Resort, and this agreement is subject to the later approval of White Mountain, as well as other prospective projects along the NEC network.

- (b) SUN, as the prospective agent for White Mountain, effective from and after completion of the construction of the proposed Solar Facility, if and when completed by SUN with White Mountain as proposed, wishes to pre-arrange for the sale of Renewable Energy Credits (RECs) generated from the Solar Facility to NEC in meeting its requirements under the Arizona Corporation Commission (ACC) Renewable Energy Standard and Tariff rules, Arizona Administrative Code (AAC) R 14-2-1801 through 1815, adopted November 14, 2006, in Decision Number 69127.

WHEREFORE, in consideration of their mutual promises and forbearances provided for herein, and other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. NEC will pay for the RECs in a sum equal to \$0.15 / kWh commencing from and after the final construction of the White Mountain Solar Facility as proposed or another such facility along with the NEC network for a period of ten years from the date of this agreement. After that time, the Agreement is renewable by mutual consent for a mutually agreed upon time frame and at a price to be determined at the time of renewal. In the event that the ACC amends the existing REST requirements to the extent that the RECs purchased by NEC from SUN exceed any future requirement, NEC reserves the right to transfer said RECs to a third party. This agreement becomes null and void if SUN does not develop the renewable energy resource that it proposes to develop due to any circumstances not known at this time.

Memorandum of Understanding

To: Dennis Hughes
Navapache Electric Cooperative
1878 W White Mtn Blvd
Lakeside, AZ 85929

From: H. John Ehlers
S.O.L.I.D. USA, Inc.
10645 N. Tatum Blvd
Suite 200-306
Phoenix, AZ 85028

Date: 8/5/2009

Dear Dennis:

As a result of our discussions to date and a study of the information that you have furnished to us, it appears that it would be beneficial to both parties to consider an agreement for S.O.L.I.D. USA, Inc. (SOLID) to work with Navapache Electric Coop ("NEC") along the following lines:

- i. Navapache Electric Coop (NEC) is the supplier of electricity to the Apache State Prison, in Springerville, Arizona. SOLID is a leading designer and builder of solar thermal energy systems in the Southwest United States.
- ii. It is the intent of NEC and SOLID to jointly develop, design, and build a solar thermal water system that would be augmented with a back up electrical water heating system to replace the propane water heating system currently in use at the Apache Prison.
- iii. The system would be located on a one half to one acre outside the prison fence, on county owned land. The NEC/SOLID joint venture would seek to obtain the necessary lease from the County.
- iv. The project, which would not require state funds, would be privately financed. The state of Arizona would pay for the delivered hot water through a power purchase agreement. The rate would be based on discount from the prevailing cost of propane at that location, measured in Btu's.
- v. In order to proceed with the design of the system, NEC and SOLID we would acquire written confirmation from the State Department of Corrections, that it would be willing to enter into contract negotiations with NEC/SOLID based on the above-described concept.

EGS has some potential advantages over other technologies which makes its consideration promising. It is much less location constrained than conventional geothermal since the primary requirement for EGS is the presence of a useful temperature. Unlike conventional geothermal, EGS is broadly applicable to many areas in the United States and could become a prominent renewable energy technology once developed and proven on a large scale. There will likely be Department of Energy (DOE) funding opportunities at the exploration stage to further EGS development and share risk. Finally, the resource is base load and can more reliably meet the demand needs of the utility

8.4 Conclusions and Recommendations

The conclusion of this study by Black & Veatch and GeothermEx is that EGS is a viable option within the Navopache and Mohave service territories on a technical and economic basis. Both service territories contain moderate to good geothermal resource with heat flow rates that are similar to other successful EGS pilot projects. The technical feasibility of an EGS facility at these temperatures has recently been demonstrated in a recent project in Germany. Although EGS is not the lowest cost renewable energy technology, it may be one of the better long-term options due to its potentially competitive cost at a small scale, base load generation profile and siting flexibility.

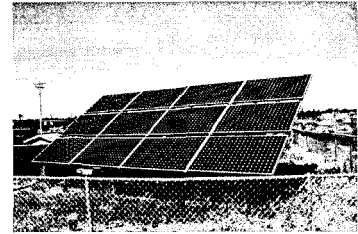
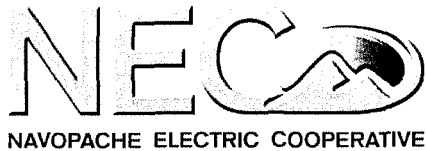
If the decision is made to pursue an EGS or a conventional geothermal project, the recommended next steps are to further evaluate specific sites for factors such as land availability, water availability, environmental and cultural issues, and technical potential. It would then be recommended that Navopache and Mohave partner with a small to medium size geothermal developer and jointly fund the higher risk exploration stage of a project. The partnership should engage the DOE to play a role in risk mitigation by providing funding assistance at this exploration stage.

IV. RENEWABLE ENERGY INCENTIVE PROGRAM

Existing NEC REIP

Proposed NEC REIP

Existing NEC Renewable Energy Incentive Program



RENEWABLE ENERGY INCENTIVE PROGRAM

With the Renewable Energy Incentive Program, NEC will pay its members \$ 3 / watt (installed nameplate capacity) of an acceptable renewable energy technology* such as a photovoltaic array or a wind turbine, up to 50% of the installed cost. The maximum amount of a payment incentive will be \$ 25,000 and only one incentive payment per service entrance** will be allowed. Solar Water Heating installations are exempt from the "one incentive payment per service entrance requirement". NEC will pay a rebate equal to \$ 0.75/kWh of estimated energy saved during the system's first year of operation to conform with OG-300 ratings of the Solar Rating and Certification Corporation.

(1) You select and have installed a qualifying solar electric system, wind turbine, or other renewable energy technology at your home or business. This home or business must be served by NEC. For off-grid installations in the NEC Service Territory, NEC will pay \$ 1.50 / watt (installed nameplate capacity) of an acceptable renewable technology, up to 50% of the installed cost with a maximum incentive payment of \$ 12,500. Furthermore, your system must meet all qualifications listed in the following "Qualifications" section.

(2) You must use a licensed contractor to install the system and the installation must meet IEEE standards, the National Electric Code, as well as the NEC Interconnection standards. The contractor must also certify the systems installed nameplate capacity in watts. **The incentive amount that you receive is dependent on the installed nameplate capacity in watts.**

(3) You sign an agreement assigning rights to the associated environmental credits to NEC.

(4) All kWh hours generated by your renewable energy system and delivered back to the NEC distribution system will be purchased at the rates established under a Net Metering tariff to be approved by the Arizona Corporation Commission.

(5) You, the owner of the renewable energy system, are responsible for payment of normal system repairs and maintenance to the unit, including labor.

(6) In order to receive the rebate, you must submit the following to NEC:

- Certification from a NEC representative that the installed unit meets the qualifications as set out in the Incentive Program Systems Qualifications page.
- Proof of code inspection by the NEC representative and of the system's installed nameplate capacity in watts certified by a licensed contractor. Failure to pass a code inspection and have a licensed contractor perform the installation and certify the system's output will result in refusal of the rebate.
- A signed Renewable Energy Incentive Program Enrollment Form.

(7) Once the documentation is submitted, please allow 30 days for your rebate to be processed. In the event that demand for non-residential funds exceeds a period allocation, NEC may provide reservations to those projects above the allocation depending on the current REST compliance status and availability of funding. In the event that funds collected for use in the Distributed Energy incentive program are not fully subscribed in a program year, those funds will be applied towards the next program year. The funds will be allocated to achieve the required energy outcome between residential and non-residential projects.

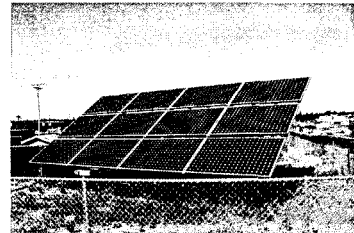
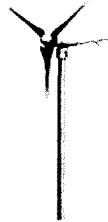
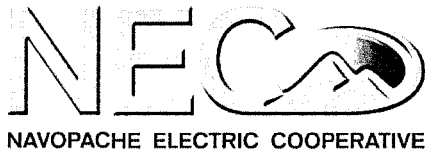
(8) A more in-depth interconnection standards requirement is contained in this packet.

Documents should be submitted to:
Navopache Electric Cooperative, Inc.
Renewable Energy Incentive Program
1878 W. White Mountain Blvd.
Lakeside, Arizona 85929

* Those renewable energy technologies which qualify for inclusion in the Arizona Corporation Commission Renewable Energy Standard & Tariff.

** A service entrance is the electric meter location and associated wiring on the member's premises.

*** "Net Metering" refers to a system which deducts energy produced by a system and delivered to the grid from the energy purchased from the grid.



RENEWABLE ENERGY INCENTIVE PROGRAM

ENROLLMENT FORM

By signing below, I am assigning my rights to the associated environmental credits to NEC. I further agree that any excess generation which flows back through to the NEC distribution system will be purchased by NEC at the rates to be established under a Net Metering tariff to be approved by the Arizona Corporation Commission.

I understand that as the owner of the equipment, I am fully responsible for the unit's operation and safety. I will pay for normal system maintenance and repairs to the unit, including labor.

I also agree to allow NEC to inspect my unit after installation to ensure it meets requirements set forth in the Renewable Energy Incentive Program Systems Qualifications documentation. I agree that NEC is not in any way responsible for the unit, its safety, operation, insurance or repair.

I, _____ (Print Name), hereby certify that I have read and reviewed the Renewable Energy Incentive Program Systems Qualifications. I understand that I am solely responsible for ensuring that these qualifications are met and maintained for the life of my electric generating system and I am responsible for any consequences if they are not met. I understand they are needed for safe operation of my and NEC's electrical system. I also understand that if they are not met, I am not eligible for any rebate from NEC.

DATE _____ SIGNATURE(S) _____

PLEASE PRINT:

Name: _____

Address: _____

Phone: (____) _____

Account Number: _____ SSN / TAX ID NO. _____

Service Location: _____

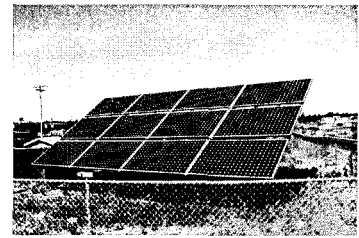
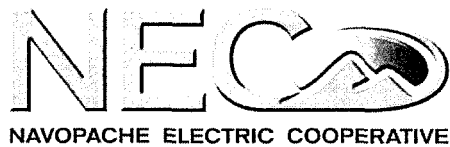
Description of Renewable Energy Resource: _____

Projected Cost: _____

Signature(s): _____

Date: _____

Processing of the rebate is contingent on the accurate certification/testing of the unit. Rebate processing may take up to 30 days. NEC reserves the right to refuse payment of a rebate based on the following reasons, including but not limited to: failure to meet the qualifications set forth in the Renewable Energy Incentive Program Systems Qualifications documentation, incomplete enrollment packets, insufficient system testing or certification, installation and/or testing/certification by an unlicensed electrician.

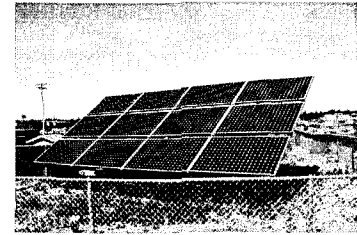
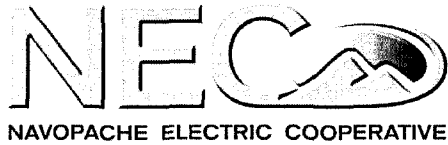


RENEWABLE ENERGY INCENTIVE PROGRAM

INCENTIVE PROGRAM SYSTEM QUALIFICATIONS

All member-owned renewable energy system components must meet the following system and installation requirements to be connected to the NEC electric distribution system:

1. The system components must be certified as meeting the requirements of IEEE-929 – Recommended Practice for Utility Interface of Photovoltaic Systems.
2. The system components must be certified as meeting the requirements of UL – 1741 – Power Conditioning Units for use in Residential Photovoltaic Power and be covered by a non-prorated manufacturer's warranty of at least two years.
3. The system design and installation must meet all requirements of the latest edition of the National Electric Code (NEC), including Article 690 and all grounding, conductor, raceway, over-current protection, disconnect and labeling requirements.
4. The system and installation must meet the requirements of all federal, state and local building codes and have been successfully inspected by the building official having jurisdiction. To do so, the installation must be completed in accordance with the requirements of the latest edition of the NEC in effect in the jurisdiction where the installation is being completed, including, without limitation, Sections 200-6, 210-6, 230-70, 240-3, 250-26, 250-50, 250-122, all of Article 690 pertaining to photovoltaic systems, thereof, all as amended and superceded.
5. A wind turbine system must be certified as meeting the requirements of UL – 1741 – Standard for Safety for Inverters, Converters, Controllers, and Interconnection System Equipment for Use With Distributed Energy Resources, 1st Edition; IEEE 1547 – 2003; CAN/CSA-C22.2 No 107.1-01, 3rd Edition.
6. The system must meet NEC Interconnection requirements for self-generation equipment.
7. An AC disconnect means shall be provided on all ungrounded AC conductors and shall consist of a lockable gang-operated disconnect clearly indicating open or closed. The switch shall be visually inspected to determine that the switch is open. The switch shall be clearly labeled stating "Renewable Energy System AC Disconnect."
8. All system installations must be completed in a professional, workman-like and safe manner.
9. All system installations must be completed by a licensed electrical contractor. **NO EXCEPTIONS.**



RENEWABLE ENERGY INCENTIVE PROGRAM

OPERATION OF RENEWABLE ENERGY SYSTEM, SALE OF PROPERTY & MEMBER'S REFUND OBLIGATION

Your participation in the NEC Renewable Energy Incentive Program assumes that you will operate your system continuously for a period of ten (10) years after you receive the incentive payment from NEC. If you fail to do so, then you will be considered to be out of compliance with the program requirements and NEC will be entitled to take certain actions described below.

You are required to notify NEC within five (5) business days after your system is either removed from your property or is no longer operational. NEC will consider this notification as the removal date. If you fail to maintain and operate your system for at least one year after the date you receive the incentive payment, liquidated damages may apply. In such event, you will be required to reimburse us the total amount of the incentive payment in certified funds no later than five (5) business days after your receipt of our request that you refund the incentive payment to NEC. If the removal date occurs after the first year but before the end of the tenth year, we reserve the right to request a pro-rated refund of the incentive payment. If your removal date occurs in Year 2, you would refund to NEC 80% of the incentive payment, Year 3, 70%, in Year 4, 60% and so on.

NEC may waive the foregoing reimbursement obligation or any other instance of your noncompliance if it is determined that the renewable energy system is not operational due to equipment malfunction or other disrepair that is not attributable to you, and, you are actively and reasonably making diligent, good faith efforts to repair the renewable energy system and return it to operation.

When NEC receives your reimbursement payment this incentive agreement will be deemed terminated and neither NEC nor you will have any further obligation to each other, but resolution of our respective obligations and rights will continue to be determined by this agreement until our relationship with each other is finally and completely resolved.

There are certain important conditions to consider if you sell your property where the renewable energy system is installed.

- You are required to notify NEC in writing promptly in the event that you intend to sell your property.
- If you sell your property within one (1) year after we pay you the incentive payment and your buyer does not continue to operate and maintain the renewable energy system you will be required to reimburse NEC the total amount of the incentive payment.
- If you sell your property more than one (1) year after you receive the incentive payment, you must make arrangements to have your buyer agree to these terms and conditions whereby your buyer will continue to operate the renewable energy system.

Proposed NEC Renewable Energy Incentive Program



Effective January 1, 2012 or later as adopted by the Arizona Corporation Commission, NEC's Renewable Energy Incentive Program (REIP) will pay its members an Up Front Incentive (UFI) for the installation of acceptable renewable energy technologies* such as photovoltaic array or wind turbine in accordance with the following program specifics.

Residential Renewable Energy Systems

1. Grid Tied System – Limited to 10kW. NEC will pay an UFI of \$2.00 per watt of installed nameplate capacity up to 50% of the total net installed cost, less any grant funds applied to the cost of the installation but not to exceed \$10,000. The UFI payment is limited to only one installation per service entrance**.

Non-Residential Renewable Energy Systems

1. Grid Tied System – Limited to 50kW. NEC will pay an UFI of \$2.00 per watt of installed nameplate capacity up to 50% of the total net installed cost, less any grant funds applied to the cost of the installation but not to exceed \$25,000. The UFI payment is limited to only one installation per service entrance**.

Solar Water Heating

1. NEC will pay an UFI equal to \$0.75 per kWh of estimated energy saved during the system's first year of operation to conform with OG-300 ratings of the Solar Rating and Certification Corporation according to manufacturer and model number.

Specific Requirements

1. You, a NEC member, submit a signed Application for Operation, design drawings, equipment information, and other information as necessary in accordance with the application process for approval by NEC **prior to system installation**. To qualify for the UFI, the system must be installed and operational within 180 days of NEC's approval of the application.
2. You select and have installed a qualifying solar electric system, wind turbine, or other renewable energy technology at your home or business. This home or business must be served by NEC and located within the State of Arizona.
3. You must use an Arizona licensed contractor with a current license and appropriate endorsements to install the renewable energy technology. The installation must meet IEEE standards, the National Electric Code, as well as NEC's interconnection requirements. The contractor must also certify the system installed nameplate capacity in watts. **The incentive amount you receive is dependent on the installed nameplate capacity in watts.**
4. You sign an agreement (REIP Rebate Enrollment Form) assigning rights to the associated environmental attributes, such as Renewable Energy Credits (RECs) to NEC.

5. The renewable energy system installation may qualify as a net metering facility and be eligible for net metering. Refer to NEC's ACC approved Net Metering Service Tariff.
6. You, the owner of the renewable energy system, are responsible for payment of normal system repairs and maintenance to the unit, including labor.
7. In order to receive the UFI rebate, you must submit the following to NEC:
 - Verification from a NEC representative that the installed unit meets the qualifications set out in the REIP Renewable Energy System Qualifications page.
 - Proof of code inspection by the NEC representative and of the system's installed nameplate capacity in watts certified by a licensed contractor. Failure to pass a code inspection and have a licensed contractor perform the installation and certify the system's output will result in refusal of the rebate.
 - A completed and signed REIP Rebate Enrollment Form and a completed Form W-9 tax form.
 - Copies of paid receipts and/or invoices verifying the actual cost of the system.
8. NEC does not provide rebates to third parties or for leased systems. The rebate is issued to the member after all requirements are met.
9. Once the documentation is submitted, please allow 30 days for your rebate to be processed. In the event that demand for funds exceeds a period allocation, NEC may provide reservations to those projects above the allocation depending on the current REST compliance status and availability of funding. In the event that funds collected for use in the REIP are not fully subscribed in a program year, those funds will be applied towards the next program year. The funds will be allocated to achieve the required energy outcome between residential and non-residential projects.

Submit Documentation To:

Navopache Electric Cooperative, Inc.
Renewable Energy Incentive Program
1878 W. White Mountain Blvd
Lakeside, Arizona 85929

* Those renewable energy technologies which qualify for inclusion in the Arizona Corporation Commission Renewable Energy Standard & Tariff.

** A service entrance is the electric meter location and associated wiring on the member's premises.



REBATE ENROLLMENT FORM

To be completed by Member: (Please print all information)

Name: _____

Address: _____

Phone: (____) _____

Account Number: _____

Service Location: _____

Description of Renewable Energy Resource: _____

Projected Cost: _____

Have you applied for or received other funding for this system? _____ YES _____ NO

If yes, what is the source and amount? _____

System Installation Estimated Completion Date: _____

By signing below, I am assigning my rights to the associated environmental attributes, such as Renewable Energy Credits (RECs) to NEC. I further agree that any excess generation which flows back through to the NEC distribution system will be purchased by NEC in accordance with NEC's Net Metering Service Tariff as approved by the Arizona Corporation Commission.

I understand that as the owner of the equipment, I am fully responsible for the unit's operation and safety. I will pay for normal system maintenance and repairs to the unit, including labor.

I affirm that I will not activate or operate the system prior to passing the NEC system verification.

I also agree to allow NEC to inspect my unit after installation to ensure it meets requirements set forth in the REIP Renewable Energy System Qualifications documentation. I agree that NEC is not in any way responsible for the unit, its safety, operation, insurance or repair.

I, _____ hereby certify that I have read and reviewed
(print name)

the REIP Renewable Energy System Qualifications and the REIP Operation of Renewable Energy System, Sale of Property and Member's Refund Obligation documentation. I understand that I am solely responsible for ensuring that these qualifications are met and maintained for the life of my electric generating system and I am responsible for any consequences if they are not met. I understand they are needed for safe operation of my and NEC's electrical system. I also understand that if they are not met, I am not eligible for any rebate from NEC.

Date: _____ Signature(s): _____

Processing of the rebate is contingent on the accurate certification/testing of the unit. Rebate processing may take up to 30 days. NEC reserves the right to refuse payment of a rebate based on the following reasons, including but not limited to: failure to meet the qualifications set forth in the REIP Renewable Energy System Qualifications documentation, incomplete enrollment packets, insufficient system testing or certification, installation and/or testing/certification by an unlicensed contractor.

For NEC Office Use

Date Received: _____ Rebate Form _____ Form W-9

Pre-approved Rebate Amount: _____
(Actual amount to be determined after final verification by NEC)

Authorized By: _____ Date: _____



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RENEWABLE ENERGY SYSTEM QUALIFICATIONS

All member-owned renewable energy system components must meet the following system and installation requirements to be connected to NEC's electric distribution system:

1. The system components must be certified as meeting the requirements of IEEE-929 Recommended Practice for Utility Interface of Photovoltaic Systems.
2. The system components must be certified as meeting the requirements of UL – 1741 Power Conditioning Units for use in Residential Photovoltaic Power and be covered by a non-prorated manufacturer's warranty of at least two years.
3. The system design and installation must meet all requirements of the latest edition of the National Electric Code, including Article 690 and all grounding, conductor, raceway, over-current protection, disconnect and labeling requirements.
4. The system and installation must meet the requirements of all federal, state and local building codes and have been successfully inspected by the building official having jurisdiction. To do so, the installation must be completed in accordance with the requirements of the latest edition of the National Electric Code in effect in the jurisdiction where the installation is being completed, including, without limitation, Sections 200-6, 210-6, 230-70, 240-3, 250-26, 250-50, 250-122, all of Article 690 pertaining to photovoltaic systems, thereof, all as amended and superseded.
5. A wind turbine system must be certified as meeting the requirements of UL – 1741 Standard for Safety for Inverters, Converters, Controllers, and Interconnection System Equipment for Use with Distributed Energy Resources, 1st Edition; IEEE 1547 – 2003; CAN/CSA-C22.2 No 107.1-01, 3rd Edition.
6. The system must meet NEC's interconnection requirements for self-generation equipment.
7. An AC utility disconnect means shall be provided on all ungrounded AC conductors and shall consist of a lockable gang-operated disconnect clearly indicating open or closed. The switch shall be visually inspected to determine that the switch is open. The switch shall be clearly labeled per NEC's interconnection requirements.
8. All system installations must be completed in a professional, workman-like and safe manner by an Arizona licensed contractor with a current license and appropriate endorsements to install the renewable energy technology in the State of Arizona. **NO EXCEPTIONS**
9. The combined generation system capacity is limited to a maximum of 125% of the total connected load and is limited to one installation per service entrance.
10. To qualify for the UFI, the system must be installed and operational within 180 days of NEC's approval of the application.

VI. REST FUNDING FROM SURCHARGE



NAVOPACHE ELECTRIC COOPERATIVE

REST Funding From Surcharge

Rate Schedule	Projected Annual Surcharge Collection	Percent Reaching Cap	Average \$ Per Bill	Percent Not Reaching Cap	Average \$ Per bill
Residential	\$358,310	48.2	\$1.05	51.8	\$0.24
Commercial	\$374,151	6.10	\$39.00	93.90	\$4.55
Irrigation	\$5,019	27.6	\$13.00	72.4	\$1.72
Non-Residential > 3MW	\$0	0	\$117.00		
Total Annual Projection	\$737,480				
Current EPS Balance	\$1,219,271				
Total 2012 REST Funding	\$1,956,751				

VI. REST TARIFFS

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

RENEWABLE ENERGY STANDARD TARIFF

SCHEDULE NO. 9

Effective: July 1, 2008

Renewable Energy Standard ("RES") Surcharge

On all bills for governmental and agricultural customers with multiple meters, an RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of \$ 0.000875 per kilowatt-hour of retail electricity purchased by the consumer, or:

Governmental and Agricultural Customers: \$ 13 per service;

Governmental and Agricultural Customers whose metered demand is 3,000 kW or more for 3 consecutive months: \$ 39.00 per service.

In the case of unmetered services, the Load-Serving Entity shall, for the purposes of billing the RES Surcharge and subject to the caps set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

On all bills in all other tariff service categories than those listed above, an RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of \$ 0.004988 per kilowatt-hour of retail electricity purchased by the customer, or:

Residential Customers: \$ 1.05 per service;

Non-Residential Customers: \$ 39.00 per service;

Non-Residential Customers whose metered demand is 3,000 kW or more for 3 consecutive months: \$ 117.00 per service.

In the case of unmetered services, the Load-Serving Entity shall, for purposes of billing the RES Surcharge and subject to the caps set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

The RES Surcharge is in addition to all other rates and charges applicable to service to the customer.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona
STANDARD OFFER TARIFF
VOLUNTARY RENEWABLE ENERGY PROGRAM
SCHEDULE NO. 10

Effective: For electrical usage beginning on January 1, 2008 and billed beginning with the February 1, 2008 cycle billings.

Availability

Available as an option to all residential and non-residential standard offer members of the Cooperative to participate in the cooperative's renewable energy program. Not applicable for resale, breakdown, standby or auxiliary service.

Type of Service

Available to all classes of members, regardless of service entrance size or installed infrastructure located at the member's residence or place of business.

Monthly Rate

\$ 2.00 per month for each block of 50 kWh of electric generation from renewable resources. Members electing this option may purchase one or more blocks. The rate is in addition to the otherwise applicable charges for all kWh consumed under standard offer service provided by the Cooperative.

Term

Members of the Cooperative may enroll at any time, effective at the beginning of the next billing month. Members may terminate their participation at any time by notifying the Cooperative; termination is effective at the end of the current billing month. Terminations made in conjunction with termination of all service from the Cooperative are effective at the time of such termination.

Conditions

All funds collected under this Schedule will be used solely to construct, operate, and maintain renewable energy projects carried out by the Cooperative in Arizona, including solar electric generating projects. Electric energy generated by renewable resources is blended with other energy throughout the Cooperative's distribution system. Energy delivered to members electing this option will consist of such blended energy.

Tax Adjustment

The applicable sales tax in Arizona will be added to bills where required. The cooperative is authorized to pass on to the consumers the applicable proportionate part of any taxes or government impositions, which are or may in the future be assessed on the basis of the gross revenues of the cooperative.

Terms of Payment

Billing made under this schedule will be due and payable upon receipt and past due fifteen (15) days from the date the bill is mailed. Service will be subject to disconnect in accordance with the cooperative's collection policy.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

RENEWABLE ENERGY CUSTOMER SELF-DIRECTED TARIFF

SCHEDULE NO. 11

Effective: January 1, 2008

Renewable Energy Standard ("RES") Customer Self-Directed Option

Application

The RES Customer Self-Directed Option is applicable to single and three phase service for Non-Residential Customers with multiple meters that pay more than \$ 25,000 annually in RES Surcharge funds pursuant to the Renewable Energy Standard Tariff for any number of related accounts or services within the Cooperative's service territory.

Eligible Customer

An Eligible Customer may apply to the Cooperative to receive funds to install Distributed Renewable Energy Resources. An Eligible Customer seeking to participate in this program shall submit to the Cooperative a written application that describes the Renewable Energy Resources that it proposes to install and the projected cost of the project. An Eligible Customer shall provide at least half of the funding necessary to complete the project described in its application.

An Eligible Customer shall enter into a contract with the Cooperative that specifies, at a minimum, the following information: the type of Distributed Generation ("DG") resource, its total estimated cost, kWh output, its completion date, the expected life of the DG system, a schedule of Eligible Customer expenditures and invoices for the DG system, Cooperative payments to an Eligible Customer for the DG system, and the amount of a Security Bond or Letter of Credit necessary to ensure the future operation of the Eligible Customers' DG system, metering equipment, maintenance, insurance, and related costs.

If proposed to be connected to the Cooperative's electrical system, an Eligible Customer's DG resource shall meet all of the Cooperative's DG interconnection requirements and guidelines before being connected to the Cooperative's electrical system.

All Renewable Energy Credits derived from the project, including generation and extra credit multipliers, shall be applied to satisfy the Cooperative's Annual Renewable Energy Requirement.

The funds annually received by an Eligible Customer pursuant to this tariff may not exceed the amount annually paid by the Eligible Customer pursuant to the RES Surcharge Tariff.

VII. FIVE YEAR BUDGET



NAVOPACHE ELECTRIC COOPERATIVE
5-Year Renewable Energy Resource Budget

	2012	2013	2014	2015	2016
Funding Available	\$1,956,751	\$1,707,751	\$1,438,751	\$1,149,751	\$840,751
<u>Resource</u>	<u>Expenditure</u>	<u>Expenditure</u>	<u>Expenditure</u>	<u>Expenditure</u>	<u>Expenditure</u>
Distributed Renewable Energy	\$540,000	\$560,000	\$580,000	\$600,000	\$620,000
Purchase Power Agreement	\$509,000	\$509,000	\$509,000	\$509,000	\$509,000
Customer Self-Directed*	\$0	\$0	\$0	\$0	\$0
Annual Expenditure	\$1,049,000	\$1,069,000	\$1,089,000	\$1,109,000	\$1,129,000
Carry-Over	\$907,751	\$638,751	\$349,751	\$40,751	-\$288,249
*NEC has determined that there are not any cooperative members that will qualify for the Customer-Self Directed Option					
Photovoltaic Generation - Utility Owned					
Installed KW	278	278	278	278	278
kWh Obtained	608,820	608,820	608,820	608,820	608,820
Distributed Renewable Energy					
Installed KW	527	747	967	1,187	1,407
kWh Obtained	1,153,924	1,635,930	2,117,730	2,599,530	3,081,330
Purchase Power Agreement					
Installed KW	3,379	3,379	4,379	4,379	4,379
kWh Obtained	7,400,000	7,400,000	9,590,100	9,590,010	9,590,010



NAVOPACHE ELECTRIC COOPERATIVE
5-Year Renewable Energy Resource Budget

	2012	2013	2014	2015	2016
Wind Generator					
Installed KW			1,000	1,000	1,000
kWh Obtained			2,628,000	2,628,000	2,628,000
Photovoltaic Generation - Utility Owned					
Cost / kWh	\$0.225	\$0.225	\$0.225	\$0.225	\$0.225
Total Cost / Year	\$136,985	\$136,985	\$136,985	\$136,985	\$136,985
Distributed Renewable Energy					
Cost / kWh	\$0.09	\$0.10	\$0.10	\$0.10	\$0.10
Total Cost / Year	\$103,853	\$163,593	\$211,773	\$259,953	\$308,133
Purchase Power Agreements					
Abengoa					
Cost / kWh	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06
Total Cost / Year	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
PDM					
Cost / kWh	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
Total Cost / Year	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Solid					
Cost / kWh	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
Total Cost / Year	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000