

TEP Signs Agreements for Nearly 160 Megawatts of Renewable Power Projects

TUCSON, Ariz., May 27, 2010 (BUSINESS WIRE) -- Tucson Electric Power (TEP) has agreed to purchase the output of 10 new solar power systems, a landfill gas generation project and a new wind farm that together would generate nearly 160 megawatts (MW), enough renewable energy to power more than 30,000 Tucson homes.

TEP has submitted the agreements to the Arizona Corporation Commission (ACC) for review. The commission's endorsement would allow developers of the systems to proceed with efforts to finalize financing, secure land rights and clear other necessary hurdles in hopes of completing their projects in time to begin providing power in 2011 or 2012.

"These agreements are the next step in our development of local utility-scale renewable power projects that will help us achieve our renewable energy goals," said Paul Bonavia, Chairman, President and CEO of TEP and its parent company, UniSource Energy Corporation (NYSE: UNS). "We're looking forward to including these resources in TEP's growing green power portfolio."

Solar projects with a combined capacity of 107 MW would be developed in the Tucson area under the contracts, including:

- Three solar photovoltaic (PV) arrays built with fixed, stationary panels, including systems capable of generating 35 MW, 25 MW and 5 MW;
- Four PV arrays that track the sun's arc across the sky along a single axis, including one rated at 12 MW, another at 4 MW and two sized at 5 MW apiece; and
- Three concentrating solar power systems that focus sunlight on PV material to improve energy output. One of these systems would be capable of generating 12 MW, while two others would produce up to 2 MW each.

TEP also has agreed to purchase energy from a new biogas generator that would be built at Pima County's Tangerine Landfill. The project would produce up to 2.2 MW from methane gas, a renewable fuel generated naturally through the decomposition process.

Finally, TEP has agreed to purchase the output of a 50-MW wind farm that would be developed near TEP's existing high-efficiency natural gas Luna Energy Generating Station in Deming, N.M. The power would be delivered to Tucson through an existing transmission line already used by TEP.

"These projects would provide our customers with clean, reasonably-priced power from a wide variety of zero-water renewable energy technologies," said David Hutchens, Vice President of Energy Efficiency and Resource Planning for TEP and UniSource Energy.

The proposed systems would complement two new solar power systems already planned to be built in the Tucson area by January 2012. Fotowatio Renewable Ventures is building a 25-MW single-axis tracking PV array near Marana, while Bell Independent Power Corp. (BIPC) is building a 5-MW concentrating solar power plant at the University of Arizona's Science and Technology Park. The ACC has expressed its support for TEP's agreements to purchase the output of both systems, which will provide enough energy to power more than 6,000 Tucson homes.

Before those systems come online, TEP will add 1.8 MW of capacity this year to its 4.6-MW Springerville Generating Station Solar System, which already is one of the largest grid-tied PV arrays in the United States. The expanded array will generate enough energy to power more than 1,000 Tucson homes.

TEP also will build a 1.6-MW single axis tracking array in the Tucson area later this year that could be used to support the company's proposed Bright Tucson Community Solar program. The program, which is awaiting regulatory review, would allow customers to buy 150 kilowatt-hour (kWh) "blocks" of solar energy produced by Tucson-area solar arrays.

All of the projects announced today are in the planning stages, and some of them may not be built if the developers are unable to arrange financing or clear other necessary hurdles. But the capacity ultimately developed will represent a significant addition to TEP's growing renewable energy resources. With funding provided by customers, TEP has developed nearly 10 MW of company-owned renewable energy generating capacity along with more than 6 MW of customer-sited systems subsidized by the company's popular SunShare rebates.

The output of these systems helps TEP pursue renewable energy goals established by the ACC through the state's Renewable Energy Standard (RES). The rules call on TEP and other Arizona utilities to increase their use of renewable power each year

until it represents 15 percent of their retail energy in 2025.

Tucson Electric Power provides safe, reliable power to more than 400,000 customers in southern Arizona. For more information, visit tep.com. For more information about UniSource Energy, TEP's parent company, visit uns.com.

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